EXPORT OPPORTUNITIES IN JAPAN

THE RETAIL FOOD AND BEVERAGE MARKET

THE RETAIL FOOD AND BEVERAGE MARKET

prepared for

The Japan Trade Development Division
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JAPAN

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Preface

Canadian exporters are discovering a new Japan. Firms which have focussed their efforts on specific target market segments have seen their results soar. Their success bears witness to important changes which have recently occurred in the Japanese market.

Since the mid 1980s, the substantial appreciation of the yen, Japan's concerted policy of domestic demand stimulation and a shift towards a more open import regime have significantly enhanced the competitiveness of Canadian goods in the Japanese market. Specific opportunities have emerged in areas previously closed to foreign suppliers.

This "Export Opportunities in Japan" series is published by the Department of External Affairs to assist Canadian exporters in seizing these exciting new opportunities. It pinpoints specific market segments where new Japanese import demand meets proven Canadian capability. It includes market segment profiles, details specific market technical characteristics, documents success stories and provides market bibliographies and key contact lists.

The series is designed not only as a reference and guide but also as the basis for future joint marketing action by Canadian firms, their trade associations and Canadian government departments. The series has been produced in consultation with the Japanese Export Trade Organization (JETRO) and has the support of the Japanese Ministry of International Trade and Industry (MITI).

The present study is an in-depth survey of the Japanese retail food and beverage sector. It provides an overview of the growing Japanese market, describes the types of retailers and introduces many of the major participants, with pertinent details about their operations. The study was initiated and supported by the Japan Trade Development Division of the Department of External Affairs.

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The Canadian Embassy in Japan has made important contributions to this series of market studies. Additional assistance and information is available from the Embassy in Tokyo:

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1 Overview

The Economy

Japan has the second largest economy in the free world, exceeded only by the United States. From 1982 to 1986, Japan's economy grew at an average annual real rate of 3.7 per cent. Japanese government forecasts are for continued economic growth at a 3.75 per cent rate over the next decade. With the recent increases in the value of the yen, the Japanese have also attained the highest level of per capita GNP among industrialized countries.

Japan is an inefficient food producer with limited land under cultivation, small farms, and labour-intensive agricultural production. Japan has arable land of 4.6 million hectares, which is only about one-tenth the amount of equivalent arable land in Canada. The average farm is just 1.1 hectares in Japan, compared to 152 hectares in Canada. Furthermore, these small Japanese farms support an agricultural population of 4 838 thousand, approximately nine times the 513 thousand Canadians dependent on agriculture for their livelihood.

Table 1

Per Capita GNP (U.S. Dollars)

Country	1984	1985	1986	1987
United States	15 949	15 356	17 529	18 415
Japan	10 474	13 543	16 184	19 530
Canada	13 300	12 946	14 210	15 700
Germany	10 072	11 704	14 700	18 400
France	8 880	9 863	13 034	15 816
U.K.	7 610	8 173	9 879	11 780

Source: Bank of Japan, Comparative International Statistics, 1986, 1987 and 1988. OECF Reference Tables.

Japan imported $150 (U.S.) billion worth of goods in 1987. Broken down, this amounted to 41 per cent raw materials and fuels, 15 per cent food, 13 per cent capital goods and five per cent consumer goods. Food product imports can be further broken down as follows (1986 figures):

Product	% of Total Food Imports
Meat and Meat Preparations	13
Dairy Products and Eggs	1
Fish and Fish Products	18
Cereals and Cereal Preparations	18
Vegetables and Fruit	12
Fancy Foods	8
Beverages	2
Tobacco	3
Other	25
Total	100

Source: OECD, Statistics of Foreign Trade.

The result of this agricultural inefficiency is Japan's declining capability to feed itself. As shown in Table 2, Japan's food self-sufficiency ratio has declined from 90 per cent in 1960 to 70 per cent in 1986. The decline was particularly evident in wheat, pulses, fruits and nuts, meat and seaweeds.

Given the large market size, a continuing strong open market economy, and high dependency on food imports, Japan, in the long-term, must be considered a market of good potential for food exporting countries.

Table 2

Japan's Food Self-Sufficiency by Food Commodities (%)

Food Commodities	1960	1975	1983	1986
Total Food	90	74	71	70
Cereals	82	40	32	33
Rice	102	110	94	107
Wheat	39	4	11	14
Pulses	44	9	7	8
Vegetables	100	99	96	95
Fruits and Nuts	100	84	81	73
Meat	91	77	80	78
Milk and Milk Products	89	82	86	86
Seaweeds	92	86	74	N.A.
Fish and Shellfish	N.A.	99	97	95

Source: Ministry of Agriculture, Forestry and Fisheries.

Population

In 1987, the total population of Japan was 122 million. This is expected to increase slowly to 130 million by the year 2010, after which there will be a gradual decline. Of the total population, approximately 61 per cent is concentrated around the three major metropolitan areas of Tokyo (Kanto area — 39 million people), Osaka (Kinki area — 20 million) and Nagoya (Tokai area — 14 million), allowing relatively easy access for sales and marketing activities to most of the population. Land values are extremely high in these major centres, resulting in growing suburbanization. A more car-oriented commercial structure has followed the population into the suburbs, leading to strong growth in supermarkets and fast food stores in recent years.

One of the most significant changes occurring in the Japanese population is the rapidly growing proportion of senior citizens — from approximately 10 per cent of the total population at present to 22 per cent by 2020. This will be a higher growth rate than that experienced in other developed countries.

The average Japanese household in 1985 was 3.1 persons, down from 4.1 in 1965. Fewer couples now live with their parents and there are more single-person households than previously.

Japanese women now constitute 40 per cent of the total labour force, and 60 per cent of these women are married, thus contributing significantly to the growing affluence of the average Japanese family.

The smaller households, coupled with high disposable income and more working housewives, have created a greater demand for frozen, ready-made and other convenience foods.

Household Expenditure

In the past five years, the average income growth rate of 3.2 per cent has steadily outpaced the inflation rate of less than one per cent. The average annual household income in 1987 stood at ¥5.5 million or about $53 000 (Cdn) (Canada $1 = ¥104)*, of which fully 84 per cent was disposable (gross income less taxes and social welfare deductions).

This growth in income has influenced Japanese spending patterns. A large proportion of Japanese consumer expenditure is shifting from basic food and shelter to more non-essentials such as services and leisure activities. The proportion of household income spent on food fell from 36 per cent in 1965 to 25 per cent by 1987 (See Figure 2), but food still remains the second largest expenditure category. Consumer durables such as colour TVs, refrigerators, washing machines, etc. have reached the saturation point; more than two-thirds of Japanese households own a car.

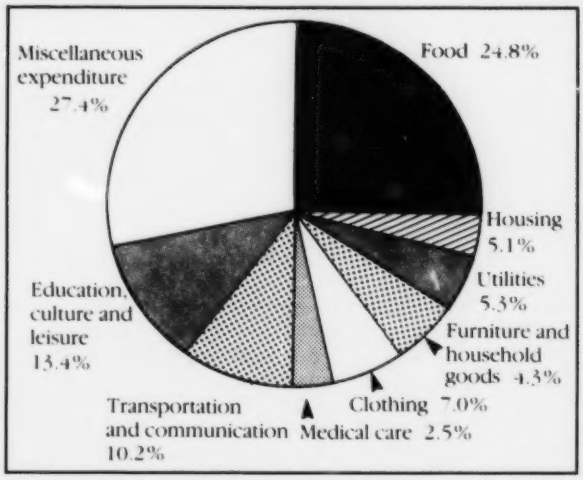
* *In this profile the exchange rate used is Cdn $1 = ¥104.*

Figure 1

Japanese Population Concentrations — 1985 (Unit: 1000)

Figure 2

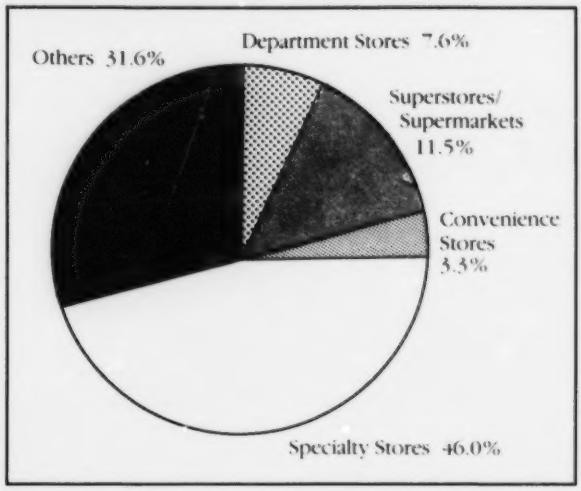
Household Spending – 1987 (Working Household)
Living Expenditure – 3.6 Million Yen



Source: "Family Income and Expenditure Survey", Management and Coordination Agency.

Figure 3

Total Sales Volume in Japan by Store Type
Fiscal Year 1985 – 101 719 Billion Yen ($978 Billion Cdn)



Source: "Census of Commerce," MITI.

2 Retailing in General

There are six categories of establishments that make up the Japanese retail trade: 1) department stores; 2) superstores/supermarkets; 3) convenience stores; 4) co-ops; 5) specialty stores — shoe stores, butcher shops, etc.; and 6) others — general retailers, mom and pops, etc. Total 1985 retail sales by type of store is given in Figure 3. Of the ¥101 719 billion ($978 billion Cdn) in retail sales, fully 78 per cent is handled by specialty and other stores. The remaining 22 per cent is controlled by the department stores, supermarkets and convenience stores.

Perhaps the greatest difference in the retailing systems of Japan and North America is the prevailing dominance of specialty stores and other small shops in Japan. As shown in Table 3, there are still over 1.5 million of these small stores, or almost 94 per cent of all the retail outlets in Japan, accounting for about 70 per cent of total retail sales. Generally, these small shops are clustered tightly together in neighbourhood shopping districts or "Shotengai."

Japan's shotengai have not changed greatly in structure despite the rapid modernization of other areas of Japanese society. Basically, the shotengai form in areas where people tend to gather. In Tokyo, for example, the immediate areas around the myriad of commuter train stations are the most common places for shotengai. Shotengai can vary greatly in size and usually consist of a selection of basic stores such as fruit and vegetable shops, meat stores, fish stores, liquor stores, dry cleaners, etc. Over the last 10 or 20 years, there may have emerged in the shotengai a supermarket and a convenience store.

Table 3

1985 Retail Profile

TYPE OF OUTLET	ANNUAL SALES		NUMBER OF OUTLETS		FLOOR SPACE	
	million yen (Cdn $ billion)	%	number	%	square metre	%
DEPARTMENT STORES	7 779 717 (74.8)	7.7	428	0.1	5 721 174	6.1
SUPERSTORES/ SUPERMARKETS	19 155 102 (184.2)	18.8	67 150	4.1	21 247 152	22.4
CONVENIENCE STORES	3 382 902 (32.5)	3.3	29 236	1.8	3 414 521	3.6
SPECIALTY STORES	46 793 784 (449.9)	46.0	1 004 893	61.7	38 417 728	40.7
OTHERS	24 607 570 (236.6)	24.2	526 937	32.3	25 706 408	27.2
TOTAL	101 719 075 (978.1)	100.0	1 628 644	100.0	94 506 983	100.0

Source: "Census of Commerce," MITI.

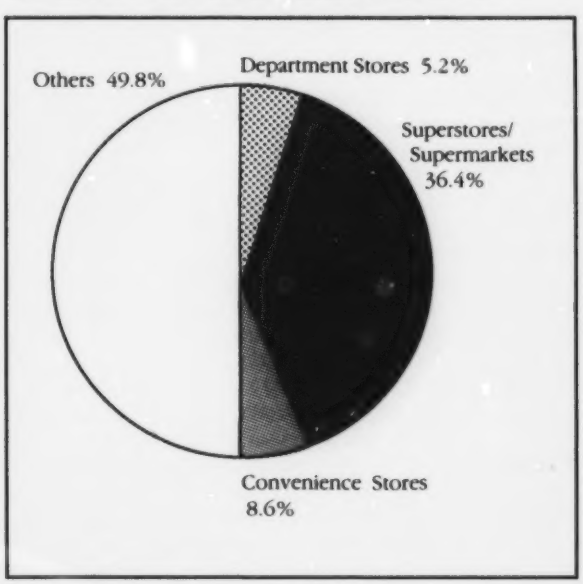
Japanese retail sales have grown remarkably over the last 10 to 15 years. Between 1976 and 1985, total retail sales volume in Japan increased 1.8 fold or an annual growth rate of almost seven per cent compounded. Also, self-service stores such as supermarkets and convenience stores increased their proportion of total retail sales from 19.7 per cent in 1982 to 22.1 per cent in 1985. Most of this loss in market share was felt by the other smaller retailers, though department stores also declined slightly. Self-service stores should continue to increase their market share. Convenience stores, in particular, are expected to continue their rapid growth for several years.

3 The Retail Food Sector

Total food retail sales in Japan in 1985 were ¥33 221 billion ($319 billion Cdn). These are broken down by store type in Figure 4, similar to the categories above, except that specialty stores and others are combined. Just as with retail sales in general, the largest proportion of food sales (49.8 per cent) is handled by specialty stores and small retailers. Supermarkets were the second largest category, followed by convenience stores and department stores.

Figure 4

Retail Food and Beverage Share by Type of Outlets 1985 Sales — 33 221 Billion Yen ($319 Billion Cdn)



Source: "Census of Commerce," MITI.
"Japan 1989", Japan Institute for Social and Economic Affairs.

Retail food sales, as taken from the last two commercial censuses, increased ¥4.5 trillion from 1982 to 1985, which is equivalent to a compound annual growth rate of about five per cent. Paradoxically, this occurred while the average Japanese household was shifting a small percentage of its disposable income away from food to more leisure and non-essential expenditures.

Food retailing in Japan was originally the total preserve of specialty stores and general retailers. Supermarkets and superstores, with their large food sales areas of upwards of 1 500 square metres, are a relatively modern occurrence and did not make their first appearance in Japan until the mid-1950s. Even then, the larger stores did not grow in number very rapidly until the boom period of the late 1960s and early 1970s. Department stores, taking their cue from the supermarkets, also expanded their handling of food to the point of creating food floors — usually an entire floor in the basement devoted to the sale of food and beverage.

The dramatic growth of the supermarket chains was cut short in the mid-1970s by the passage of a law to protect the smaller retailers. The law required that any new store over 1 500 square metres receive the consent of the local shopkeepers before it be allowed to open. This law sent a shock through the supermarket industry, but proved very effective in maintaining the neighbourhood shops, which are declining, but only very slowly.

In the 1985 census (Table 3) the government counted over 67 150 supermarkets in Japan, having total sales of over ¥19.2 trillion ($184 billion Cdn). Many of these stores would be far smaller than what is normally considered a supermarket in North America.

As can be seen from Figure 4, the Japanese housewife still relies on the small general retailers and specialty stores of the neighbourhood shopping district (shotengai) for a majority of her food needs. These small stores account for no less than 49 per cent of all the food sold through retail outlets in Japan. The Japanese housewife generally shops once a day at the local stores either by bicycle or on foot. Shopping is generally done for that day's consumption and purchased food quantities are usually smaller than is common in Canada. Even at a supermarket the average purchase is only about ¥1 500 (approximately $14 Cdn). There is not a great deal of bulk purchasing. Staples such as rice or soya sauce, that are bought in large quantities, are often purchased from specialty stores which will deliver the products.

There is a slow evolution of small independent retailers forming chains; many of the small retail stores have bought chain store franchises or joined voluntary chains. One of the major benefits of joining these chains is lower merchandise costs brought about through group purchasing. Some of the better organized chains also train personnel and bring a more scientific approach to store management. Among the fastest growing of these chains of small stores are the convenience store chains such as Seven-Eleven or Lawson's, which are in the midst of a boom.

In the following sections, the food retailing industry is discussed in regard to each of the major categories of retail store type: department stores, superstores/supermarkets, convenience stores, co-ops, specialty stores and general retailers.

Department Stores

Department stores in Japan can be divided into two groups. One is the traditional group of stores, some dating back 300 years, that includes Mitsukoshi, Matsuzakaya, Matsuya, Takashimaya, Sogo and Daimaru. The second group consists of stores that were established in more modern times and usually are connected with suburban train lines. The train lines established these stores as both an attraction and a convenience for people living along their commuter routes. These include Seibu, Tokyu, Odakyu, Hankyu, Tobu and Meitetsu. Usually, these stores enjoy prime sites at, or near, the main terminals of their parent railroad companies. In general, the older department stores tend to be more elegant with more expensive products than the newer stores, though Seibu is one major exception.

Until 1973, department stores were the largest retail companies. Since that time this position has been largely taken over by the superstore chains. The department stores have tried to distance themselves from their superstore competition by offering luxury goods and a more sophisticated and prestigious atmosphere. Fashionable clothing and personal goods form their main strengths and account for 50 per cent of department stores' sales. Recently some of the superstores have been trying to move into the department stores' market by opening higher grade subsidiaries.

The major differences between department stores in Japan and those in North America include:

Food Floors: With the exception of Marui, virtually all major Japanese department stores have a basement food floor, and sometimes two floors. Fully 20 per cent of the average department store's sales are accounted for by these food floors, which are typically the noisiest and most crowded floors in any department store.

Often, department stores will rent space on their food floors to specialized food wholesalers or retailers, who will manage their own operation inside the department store. Such specialized retail companies can include branches of well-known pastry shops, specialty meat stores, Chinese food, coffee retailers, green tea retailers, etc. Sales and rental arrangements between the store and the specialty retailer vary according to the store, but usually involve the payment of a fixed percentage of the sales to the department store.

Variety: Generally, a full-size Japanese department store has a significantly wider variety of products than its North American counterpart.

Gift Foods and Beverages: While this sector is not limited to department stores it is mentioned here because department stores hold a large portion of the market. Gift foods are specially prepared packages of food or beverage which are sold at the two gift-giving seasons of December and July. For example, salad oil companies will offer attractive gift packages of three, four or five cans of salad oil, or whisky makers will offer two bottles of whisky in a crafted wooden box. Gift food packages are generally made up of only one type of food, but can include several varieties. The gifts may consist of cheese, butter, tea, wine, coffee, ham, sauces, fruit juice, jam or a variety of others. There are also many popular non-food gift packages — towels or soap being among the most common.

The major reason department stores command a significant portion of this market is due to the prestige factor. All gifts are wrapped in attractive paper with the department store's name. Sending a present from a quality department store is clearly favoured over sending the same present from a superstore or other less prestigious establishment. This is particularly important to the Japanese because the recipients of these presents are often business related such as a person's superiors or major customers. Takashimaya department store is the market leader in gift sales.

Restaurant Floors: Most department stores have restaurant floors, usually on the top floor(s). The restaurants are usually independent of the department store. The restaurants are always reasonably priced and there may be six or more to a floor. Types of restaurants include sushi, noodle shops, Chinese food, steak houses, Western food, etc.

The food products found in a department store are usually of a specialty nature or of a higher quality and price than foods in a supermarket. This is typical of department stores in that most products, food and non-food, are intended for a more affluent clientele. One of the great weaknesses of the major Japanese department stores is the failure to adequately penetrate the suburbs. Suburban shopping centres built around major department stores are not common in Japan.

Superstores and Supermarkets

Supermarket chains in Japan follow two basic types. One is the type of supermarket that a North American would easily recognize — a large, one- or two-floor, self-service store that sells mainly food. The other type of supermarket chain in Japan is often called a superstore chain and combines a typical food supermarket with a high-volume, low-priced department store. Superstores are often four to five stories high and about 9 000 square metres or four times the size of a typically large North American supermarket. The food floor in a superstore is usually the first floor, but food generally only accounts for 30 per cent to 35 per cent of total sales.

The superstore chains such as Daiei, Ito-Yokado and Seiyu, among others, enjoyed tremendous growth from the 1960s until the mid-1970s. As a result, the five largest superstore chains are now the five largest retailers in Japan, having surpassed the biggest department store, Mitsukoshi. The superstore chains owe their rapid growth to several factors — aggressive advertising, a mass market strategy, and the onset of an affluent consumer society. Also important was their strong advance into the suburbs — with little suburban competition from the department stores.

In the mid-1970s, a new law was passed limiting the size of any new supermarket to 1 500 square metres unless it has the consent of local small retailers. Since such consent is naturally difficult to attain, this law has severely hampered the further expansion of superstores. As a result, the superstore chains have diversified into a variety of activities, including small supermarket chains, convenience store chains, restaurants and fast food, specialty store chains, consumer finance, mail order shopping, etc.

In the three years up to 1985, the growth rate of the supermarket/superstore chains continued at about 5.4 per cent per year. Moderate growth is expected to continue, but the heady years that brought 89 supermarket and superstore chains into the top 200 of the nation's retailers, accounting for more than half of the top 200's total sales, are likely over.

Over the last 5 to 10 years, medium and large supermarkets have organized mainly for the purposes of joint purchasing, domestically and overseas, but also to ease development of private brands, or to develop merchandising or staff training programs. A description of some of these groups is given in Table 4.

Table 4

Supermarket Centralized Buying Organizations

AIC Inc. (Allied Import Co.)
2-4 Kanda Jinbo-cho, Chiyoda-ku, Tokyo 101
Tel: 230-2788 Telex: 2325034 AICINC J

Members: six companies: JUSCO, Uny, Izumiya, Chujitsuya, Safeway (U.S.A.) and Promodes (France).

Total Purchases: (1987) ¥46 billion.

Outline: AIC was established in 1979 for joint importation of goods by five supermarket chains (one has since left). Safeway joined in 1981. AIC purchases about ¥0.3 billion of products from Safeway and supplies ¥1.0 billion of goods to Safeway.
Present share of AIC capital is: Japanese supermarkets 94.4%
Promodes 4.3%

CGC Japan Co., Ltd. (Co-operative Grocer's Chain)
2-1-4, Okubo, Shinjuku-ku, Tokyo
Tel: (03) 203-1111

Members: 261 medium/small supermarket chains, including Olympic Shopping Center, Lion-do, Hello Foods, Maruya and Santoku. Daiei, the largest retailer in Japan, also has a tie-up with CGC.

Total Purchases: (1987) ¥268 billion, of which ¥13 billion is imported goods.

Outline: CGC was set up in 1973. Daiei concluded a tie-up in 1980 establishing a joint venture, Glory, for development of merchandise and staff training. CGC has eight distribution centres in Japan and plans to add 22 more. In 1985, they set up a joint venture, Sun Fresh Japan, with a Japanese wholesaler, to import fruit. A company with annual sales under ¥2.0 billion cannot participate in CGC. However, a new organization is being established to cater to smaller stores.

Nihon Ryutsu Sangyo K.K. (Nichiryu)
Osaka Shiga Bldg., 3-16-1 Honcho, Higashi-ku, Osaka
Tel: (06) 264-6711

Members: 15 companies, including Heiwado, Izumi, Chain Store Okuwa, Sato, Grand Tamakoshi, Yaohan Dept. Store, Kinsho, Nada-Kobe Consumers Co-op., Kasumi, Kintetsu Tokai, Sunny Mart and Seikatsu Kyodo Kumiai Shimin Seikyo.

Total Purchases: (1988) ¥104 billion — equivalent to eight per cent of members' total sales.

Outline: Nichiryu was organized in 1974 and has member stores throughout Japan, except Tohoku and Kyushu areas. Nichiryu is an active developer of private brands. Efforts are now directed towards imports and non-store retailing.

NAC (Nippon Allied Chain)
Nisshin Tatemono Semba Bldg., 3-29, Kita Kyutaro-machi, Higashi-ku, Osaka
Tel: (06) 245-4741

Members: 191 medium/small supermarkets and voluntary chains, led by Nichii.

Total Purchases: (1987) ¥78 billion — equivalent to 44 per cent of members' total sales.

Outline: NAC was organized by Nichii in 1973. It purchases mainly clothing and has a tie-up with Emco Distributors of U.S.A. for consultation on service merchandising.

Selco Chain (Self-Service Co.)
Echo Akihabara Bldg., 1-10-3 Taito, Taito-ku, Tokyo
Tel: 834-4821

Members: 122 medium/small supermarkets.

Total Purchases: (1987) Y4.8 billion — equivalent to 1.5 per cent of members' total sales.

Outline: The Selco Chain was established in 1962. It joined "Glory" (see CGC) in 1981 for the joint distribution of food.

Convenience Stores

Over the last few years, convenience stores have been booming in Japan and the trend is expected to continue in the immediate years ahead. Total number of stores in 1985, both chain and independent, was 29 236. It is believed there will be 50 000 stores by the early 1990s.

While there is no specific definition of a convenience store, there are basic similarities such as:

- longer operating hours of usually 12 to 24 hours per day;
- the handling of convenience goods, small packaged meats, snacks, common beverages and usually some fast food;
- brightly lit, self-serve stores of about 100 square metres in size;
- products are sold at list price, or at a slight premium over supermarkets.

The product mix of convenience stores varies from chain to chain. Some offer no fast food, others sell considerable amounts of fresh meat and vegetables, while some even handle small consumer durables such as toasters or rice cookers. Generally, food products, including processed, fresh or fast foods, make up about 90 per cent of total sales.

Most of the convenience store chains in Japan grow mainly through the conversion of existing independent retailers into their chains, rather than through the creation of completely new stores. The chains therefore look upon the hundreds of thousands of general retailers and mom and pops as a large pool of potential franchisees. The convenience chain's appeal is its more scientific approach to retailing, and its clean, bright, well-organized stores. The chains also will train those who will run the store, and help these owners to be more professional and efficient. Some of the larger convenience store chains command a royalty of up to 45 per cent of total profit from their franchisees.

Some chains of small stores are called mini-supers. The 33 chains of mini-supers distinguish themselves from the convenience stores in several ways:

- maximum of 12 operating hours;
- directing their competitive efforts more at supermarkets by offering discounts and trying to sell in volume;
- mini-super chains can have stores over 500 square metres in size, though most are about the same size as convenience stores;
- products are very similar to a supermarket though with less selection.

The most successful of the convenience and mini-super chains in Japan is Seven-Eleven. Since opening its first store in 1974, Seven-Eleven has grown to 3 121 outlets and sales of ¥95 billion. In many ways Seven-Eleven's style of store has been the model that most other convenience stores have appeared to copy. Few others have matched the scientific approach that Seven-Eleven has taken to its retailing business. It is, for example, the first chain to employ a Point-of-Sale (POS) system in all its stores, which is similar to the UPC system used in North America.

Co-ops

Co-operative food retail has its origins in two types of co-operative organization. One is the consumer organized co-operatives, which usually have their roots in housewives or neighbours organizing to form joint-purchase groups to realize volume discounts. Some of these consumer co-ops have grown into large organizations with their own co-op brands, of which some may even be manufactured by the co-operative. The largest is the Nada-Kobe Consumer's Co-operative Society, with 105 stores and total sales in 1986 of ¥256 billion. (See Table 5.)

Table 5

Major Consumer Co-operatives (1986)

Co-operative	Sales $ Cdn (millions)	Sales Yen (billions)	Number of Stores
Nada-Kobe Consumers Co-op Society	2 462	256	105
Zenkoku Rodosha Kyosai Seikyo Rengokai	1 279	133	117
Seikatsu Kyodo Kumiai Shimin Seikyo	1 144	119	117
Kanagawa Seikatsu Kyodo Kumiai	1 135	118	143
Toyota Co-operative	519	54	29
Tokyo Tomin Sei Katsu Kyodo Kumiai	510	53	58
Miyagi Seikatsu Kyodo Kumiai	452	47	N.A.
Shimin Seikyo Saitama	423	44	31

Source: Ryutsu Kaisab Nenkan.

Altogether, there are 2 300 consumer co-operatives, with a membership of 4 million households, and total sales of about ¥1 317 billion ($12.7 billion Cdn), or accounting for 1.3 per cent of total sales of the retail industry in 1985. About 60 per cent of co-op stores are small, having floor space of less than 100 square metres. Some, however, are full-size supermarkets.

The other type of co-operative is the agricultural co-operative, Nokyo. Nokyo is an enormous nation-wide agricultural organization with about 5 million member households. Among Nokyo's many activities is its "A Co-op" chain of food stores, which in 1985, consisted of about 2 000 stores with sales of ¥800 billion. The "A Co-op" is active in the development of co-op brand products.

Both the agricultural and consumers co-ops are growing, improving their organizations, and expanding their range of services. Consumer co-ops alone are expected to increase sales by 33 per cent to ¥2 000 billion ($19.2 billion Cdn) within a few years.

Specialty Stores

Specialty stores are the largest retail and food retail distribution channel in Japan in terms of the number of stores, employees and sales. Specialty stores are defined as stores which employ face-to-face selling and make over 90 per cent of their sales through certain product categories like produce, fish, alcoholic beverages, etc.

In non-food sectors, specialty stores are steadily losing their market share to the larger specialty store chains. In the food sector, however, the major competition is the supermarkets and convenience/mini-super store chains. The specialty stores' loss of business to the supermarkets has been slowed by the law limiting the size of new stores, but the general trend over the last decade has still been towards continued growth in the overall market share of self-service stores.

Others – Small Retail Stores

Small retail stores, commonly known as mom and pop stores, constitute a major part of the retailing sector and amount to some 520 000 stores in Japan. These stores usually handle several product categories such as food, beverages, household goods, etc.; they are small and only marginally profitable. The mom and pops often have a loyal customer base.

These small retail stores are declining only slowly. The stores are legally protected from intrusion into their neighbourhoods by large supermarkets. Many, however, may join voluntary or convenience store chains, which will provide operating know-how, volume discounts and personnel training.

4 Department Stores

The following section is divided into two parts. The first is a ranking by sales of the top 50 department store companies in Japan giving such basic information as the address, the number of stores, the 1987-1988 sales volume, and the food and beverage percentage of total sales.

The second part is a more detailed outline of each of the top 12 department stores. This outline is made up of a description of the major features and activities of the store, and a table giving basic operating data.

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
The Seibu Department Stores, Ltd. 28-1, Minami-Ikebukuro 1-chome Toshima-ku Tokyo 171 Tel: (03) 989-0111 Telex: J22506 SEIBU	648 473	18	12
Mitsukoshi, Ltd. 7-4, Nihonbashi Muro-machi 1-chome, Chuo-ku Tokyo 103 Tel: (03) 241-3311 Telex: 02224436	643 356	22	14
Takashimaya Co., Ltd. 4-1, Nihonbashi 2-chome Chuo-ku, Tokyo 104 Tel: (03) 211-4111 Telex: J24810 TAKASTORE	557 119	18	6
The Daimaru, Inc. 118, Shinsaibashi-suji 1-chome Minami-ku, Osaka 542 Tel: (06) 271-1231 Telex: J63379	519 462	18	8
Marui Co., Ltd. 3-8-18, Nakano Nakano-ku, Tokyo 164 Tel: (03) 384-0101 Telex: 02322742 MARUI J	444 098	0	32
Matsuzakaya Co., Ltd. 3-16-1, Sakae Naka-ku, Nagoya 460 Tel: (052) 251-1111 Telex: 04422419 MATSUN J	386 016	20	9
Isetan Co., Ltd. 14-1, Shinjuku 3-chome Shinjuku-ku, Tokyo 160 Tel: (03) 352-1111 Telex: J23410	320 579	18	5
Tokyu Department Store Co., Ltd. 24-1, Dogensaka 2-chome Shibuya-ku, Tokyo 150 Tel: (03) 477-3111 Telex: 02423688 TOKYUD J	297 781	23	10
Hankyu Department Stores, Inc. 8-7, Kakuta-cho Kita-ku, Osaka 530 Tel: (06) 361-1381 Telex: J64128	296 001	26	8

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Sogo Co., Ltd. 38, Shinsaibashi-suji 1-chome Minami-ku, Osaka 542 Tel: (06) 281-3111 Telex: 05228663	245 338	20	3
Yokohama Takashimaya, Ltd. 6-31, Minami-Saiwai 1-chome Nishi-ku, Yokohama 220 Tel: (045) 311-1251	222 714	21	3
Kintetsu Department Store Co., Ltd. 1-43, Abeno-suji 1-chome Abeno-ku, Osaka 545 Tel: (06) 624-1111 Telex: 5267711 KIN J	214 820	27	7
The Seibu Department Stores, Ltd.-Kansai Seibu Shin-Osaka 10-15, Nishi-Nakanoshima 5-chome, Yodogawa-ku Osaka 532 Tel: (06) 305-0111	150 000	N.A.	6
Odakyu Department Store Co., Ltd. 1-3, Nishi-Shinjuku 1-chome Shinjuku-ku, Tokyo 160 Tel: (03) 342-1111	131 301	20	1
Tenmaya Department Store Co., Ltd. 1-1, Omote-machi 2-chome Okayama 700 Tel: (0862) 31-7111	112 292	21	5
Keio Department Store Co., Ltd. 1-4, Nishi-Shinjuku 1-chome Shinjuku-ku, Tokyo 160 Tel: (03) 342-2111	111 971	18	2
Tobu Department Store Co., Ltd. 1-25, Nishi-Ikebukuro 1-chome Toshima-ku, Tokyo 171 Tel: (03) 981-2211	103 127	26	1
Nagoya Mitsukoshi Department Store Co., Ltd. 5-1, Sakae 3-chome Naka-ku, Nagoya 460 Tel: (052) 251-2111	103 061	22	3

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Hanshin Department Store, Ltd. 13-13, Umeda 1-chome Kita-ku, Osaka 530 Tel: (06) 345-1201 Telex: J63035 HANDPS	100 788	30	1
K.K. Kanto Takashimaya 45, Asahi-machi, Takasaki Gunma Pref. 370 Tel: (0273) 27-1111	95 306	22	4
K.K. Marui Imai 11, Minami Ichijo Nishi 2-chome Chuo-ku, Sapporo 060 Tel: (011) 281-1151	94 592	22	5
Matsuya Co., Ltd. 6-1, Ginza 3-chome Chuo-ku, Tokyo 104 Tel: (03) 567-1211 Telex: 02522941	91 364	22	2
Meitetsu Department Store, Ltd. 2-1, Meieki 1-chome Nakamura-ku, Nagoya 450 Tel: (052) 571-1111 Telex: 04424167	91 134	15	1
K.K. Dac City Toa Akasaka No. 2 Bldg. 5-30, Akasaka 8-chome Minato-ku, Tokyo 107 Tel: (03) 470-4115	86 184	22	11
Daiwa Co., Ltd. 2-5, Katamachi 2-chome Kanazawa, Ishikawa Pref. 920 Tel: (0762) 62-1111	82 022	22	6
K.K. Maruhiro Hyakkaten 6-1, Shintomi-cho 2-chome Kawagoe, Saitama 350 Tel: (0492) 24-1111	73 511	N.A.	7
Department Store Izutsuya Co., Ltd. 1, Funaba-cho 1-chome Kokura Kita-ku, Kita Kyushu Fukuoka 802 Tel: (093) 531-1121	69 206	N.A.	3
Iwataya Department Store Co., Ltd. 11-1, Tenjin 2-chome Fukuoka 810 Tel: (092) 721-1111	68 496	22	2
Maruei Department Store Co., Ltd. 3-1, Sakae 3-chome Naka-ku, Nagoya 460 Tel: (056) 251-1211	67 419	15	1
K.K. Hiroshima Sogo 27, Motoi-cho 6-chome Naka-ku, Hiroshima 730 Tel: (0782) 225-2111	62 005	22	1
K.K. Chiba Sogo 3-1, Fujimi 2-chome Chiba 280 Tel: (0472) 56-2111	60 056	22	1
K.K. Tokiha 1-4, Funai-cho 2-chome Oita 870 Tel: (0975) 38-1111	59 492	18	1
K.K. Tsuruya Hyakkaten 1, Tedori Hon-cho 6-chome Kumamoto 860 Tel: (096) 356-2111	53 905	23	1
K.K. Yamagataya 1, Kinsei-cho 3-chome Kagoshima 892 Tel: (0992) 24-6111	47 981	23	1
K.K. Kashiwa Sogo 1-21, Kashiwa 1-chome Kashiwa, Chiba 277 Tel: (0471) 63-2111	46 615	24	1
K.K. Isejin 6-22, Izumi-machi 1-chome Mito, Ibaragi 310 Tel: (0292) 31-2111	45 963	18	3
Matsubishi Department Store Co., Ltd. 124, Kaji-machi, Hamamatsu Shizuoka Pref. 430 Tel: (0534) 55-1111	45 950	25	32

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Funabashi Tobu 7-1, Hon-machi 7-chome Funabashi, Chiba 273 Tel: (0474) 25-2211	45 875	32.5	1
K.K. Yanagen 56, Takaya-cho 1-chome Ogaki, Gifu Pref. 503 Tel: (0584) 78-1111	45 585	29	30
Fukuya Co., Ltd. 26, Ebisu-cho 6-chome Naka-ku, Hiroshima 730 Tel: (082) 246-6111	44 662	21	1
K.K. Hakata Daimaru 4-1, Tenjin 1-chome Chuo-ku, Fukuoka 810 Tel: (092) 712-8181	44 395	16	1
K.K. Fujisaki 2-17, Ichiban-cho 3-chome Sendai, Miyagi Pref. 980 Tel: (0222) 61-5111	42 890	21	1
K.K. Iyotetsu Sogo 1-1, Minato-cho 5-chome Matsuyama, Ehime Pref. 790 Tel: (0899) 48-2111	42 285	23	1
K.K. Machida Odakyu 12-20, Haramachida 6-chome Machida, Tokyo 194 Tel: (0427) 27-1111	40 947	31	1
Sapporo Sogo Co., Ltd. 1, Kita 5-jo, Nishi 2-chome Chuo-ku, Sapporo 060 Tel: (011) 213-2111	40 525	17	1
K.K. Suzuran 12-3, Chiyoda-machi 2-chome Maebashi, Gunma Pref. 371 Tel: (0271) 33-1111	39 180	N.A.	3
K.K. Okajima 21-15, Marunouchi 1-chome Kofu, Yamanashi Pref. 400 Tel: (0552) 32-2111	38 310	37	10

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Chiba Mitsukoshi Hyakkaten 6-1, Fujimi 2-chome Chiba 280 Tel: (0472) 24-3131	35 380	20	1
Kurosaki Sogo Co., Ltd. 1-1, Kurosaki 1-chome Yawata-Nishi-ku Kitakyushu 806 Tel: (093) 632-2111	33 447	18	1
K.K. Iwataya Isetan 22, Sakura-cho 3-chome Kumamoto 860 Tel: (096) 322-1111	31 286	19	1

Department Store Profiles

THE SEIBU DEPARTMENT STORES, LTD.

Address: 1-28-1, Minami Ikebukuro, Toshima-ku, Tokyo 171, Japan Tel: 03-989-0111 Telex: J22507 SEIBU	
ANNUAL TURNOVER (Period ending February 1988)	648 473 million en
TOTAL NUMBER OF STORES	12
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	54 039 million yen
PROPORTION OF FOOD SALES	18%
TOTAL FLOOR SPACE	273 899 square metres
TOTAL NUMBER OF EMPLOYEES	13 811 Full time: 8 839 Part time: 4 972
YEAR ESTABLISHED	1940

Seibu is the largest department store chain in Japan. Seibu Department Store is part of the family-run Seibu Saison Group, which includes 100 companies and over 77 000 employees.

Seibu has become the largest department store in Japan, recording annual sales of ¥648 billion for the year ending February 1988, surpassing Mitsukoshi for the first time. It operates 12 stores and the company has expanded business rapidly by opening new stores in major cities and affiliating with local department stores such as Darumaya Seibu, Gobankan and Matsukiya. Seibu Department Stores is the core company in the retail group; it has capital tie-ups with most of the companies of the retail group, including Seiyu, another key company. Accordingly, the company is regarded as a source of capital for the group. But in 1987, Saison Corporation was established to control the group companies as a whole. This means that Seibu Department Stores is theoretically no longer the central fundraiser for the group. Sales at its main store, Seibu Ikebukuro, reached ¥344 billion for the year ending February 1988, the highest figure of any single store in Japan.

Seibu Department Stores is expanding into the Kansai area of Japan. The company will open a store in Osaka in 1990, with plans to open another three stores in Kansai in the near future.

Seibu is now eyeing the Southeast Asian market. The company will open a store in Hong Kong around 1990. Seibu has been wary of setting up stores overseas since it closed its Los Angeles branch only a year after it opened in 1961 because of poor sales. Furthermore, the company will also enter the Taiwan market through a capital tie-up with a local department store. Seibu Department Stores and the local store set up a joint venture with paid-up capital of ¥100 million in November 1988 in preparation for opening a department store in Taiwan and for exporting and importing their products.

Seibu Department Stores set up a joint merchandising organization, the Japan Department Stores Management Association (JMA), together with 22 other department stores, including Meitetsu Department Store, Tsuruya Hyakkaten, Tokiha and Yamagataya. However, it has not been active and stopped joint merchandising in 1980. Its aims are now restricted to the exchange of information concerning management among member companies.

MITSUKOSHI, LTD.

Address: 1-7-4, Chuo-ku, Nihonbashi Muro-machi, Tokyo 103, Japan Tel: 03-241-3311 Telex: 02224436, 02224432	
ANNUAL TURNOVER (Period ending February 1988)	643 356 million yen
TOTAL NUMBER OF STORES	14
LOCATION OF STORES	Eastern Japan: 7 Western Japan: 7
AVERAGE ANNUAL SALES PER STORE	45 954 million yen
PROPORTION OF FOOD SALES	22%
TOTAL FLOOR SPACE	325 000 square metres
TOTAL NUMBER OF EMPLOYEES	11 235
YEAR ESTABLISHED	1904

Mitsukoshi is one of the leading department stores in Japan and in 1987 recorded the second greatest sales volume of any Japanese department store at ¥643 billion.

Mitsukoshi is also the oldest department store in Japan. It was founded in 1673 by Takatoshi Mitsui, the founder of the Mitsui Group, one of the largest of the five major corporate groupings in Japan. Mitsukoshi is a leading member of the Mitsui Group.

In total, Mitsukoshi has 41 stores including major department stores, boutiques specializing in quality clothing, and variety stores handling general merchandise and food.

Mitsukoshi has commercial affiliations with 45 regional department stores including the Chiba Mitsukoshi, the Nagoya Mitsukoshi, the Niigata Mitsukoshi and Kintetsu Department Stores in Osaka. The nature of these relations include capital investment and supply or purchasing tie-ups.

Mitsukoshi's previously unrivalled position in Japan was seriously tarnished six years ago over false business dealings by the president who was forced to resign. The company now appears to be successfully overcoming this blow to its public image.

Mitsukoshi is active in overseas sales and purchasing operations with stores or offices in 10 foreign cities. The company also has a number of exclusive distributor arrangements with well-known companies, such as Tiffany's; or designers, such as Oscar de la Renta.

Like many other department stores, Mitsukoshi takes an active interest in cultural activities with its own in-store museums, theatres and cultural centres.

TAKASHIMAYA CO., LTD.

Address: 4-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 104 Tel: (03) 211-4111 Telex: J24810 TAKASTORE	
ANNUAL TURNOVER (Period ending February 1988)	557 119 million yen
TOTAL NUMBER OF STORES	6
LOCATION OF STORES	Eastern Japan: 1 Western Japan: 5
AVERAGE ANNUAL SALES PER STORE	92 853 million yen
PROPORTION OF FOOD SALES	18%
TOTAL FLOOR SPACE	177 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 633
YEAR ESTABLISHED	1919

YOKOHAMA TAKASHIMAYA, LTD.

Address: 1-6-31, Minami-Saiwai, Nishi-ku, Yokohama 220, Japan Tel: 045-311-1251 Telex: J 24810 (Tokyo Branch)	
ANNUAL TURNOVER (Period ending February 1988)	222 714 million yen
TOTAL NUMBER OF STORES	3
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	69 624 million yen
PROPORTION OF FOOD SALES	21%
TOTAL FLOOR SPACE	96 440 square metres
TOTAL NUMBER OF EMPLOYEES	4 502 Full-time: 3 348 Part-time: 1 154
YEAR ESTABLISHED	1957

Takashimaya is now the third largest department store in Japan, following Seibu and Mitsukoshi. Takashimaya has six stores under its direct management in Tokyo, Osaka, Kyoto, Sakai, Wakayama and Rakusai. It also has 12 stores operated by its subsidiaries or affiliated companies.

In 1971, Takashimaya formed the "Takashimaya Hi-Land Group," a joint merchandising organization which now comprises 23 department stores. Included in the Group are the Keio, Maruei, Tamaya and Yanagen Department Stores.

Takashimaya opened Japan's first suburban shopping centre, consisting of a department store and many specialty stores, at Tamagawa in Tokyo in 1969.

Takashimaya has a good reputation as a traditional top-grade department store and has a predominant position in the gift market. It has been putting emphasis on its mail-order business recently. Takashimaya is now striving to construct a new physical distribution system to shorten the lead time from order to delivery to within five days. In 1987, the company completed an on-line network between a centre for receiving orders, a physical distribution centre and branch offices' delivery

centres. Takashimaya issues catalogs six times per annum, with 1.5 million catalogs mailed each time. The company receives about 4 million orders per year. Takashimaya has the top mail-order business among Japanese department stores, with expected sales of ¥54 billion for the year ending February 1989.

Takashimaya has set up "Takashimaya Pacific Inc." to embark on the interior design and decorating business in Hawaii.

Takashimaya is active internationally. It joined the Intercontinental Group of Department Stores, which is composed of high-class department stores throughout the world in 1956, and opened specialty stores in New York in 1958 and in Paris in 1973. Its stores are noted for their wide assortment of prestige fashion brands such as Pierre Cardin and Thierry Mugler.

Takashimaya started a travel service in 1988, arranging overseas shopping tours, museum tours, and others.

THE DAIMARU, INC.

Address: 1-118, Shinsaibashi-suji, Minami-ku, Osaka 542, Japan Tel: 06-271-1231 Telex: J63379	
ANNUAL TURNOVER (Period ending February 1988)	519 462 million yen
TOTAL NUMBER OF STORES	8
LOCATION OF STORES	Eastern Japan: 2 Western Japan: 6
AVERAGE ANNUAL SALES PER STORE	64 933 million yen
PROPORTION OF FOOD SALES	18%
TOTAL FLOOR SPACE	198 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 422
YEAR ESTABLISHED	1920

Daimaru is the fourth largest department store group in Japan. Founded in 1717, the company is largely based in the Kansai (Osaka) area, though one of the eight directly operated stores is in Tokyo. Daimaru is also affiliated with other department stores, including the Hakata Daimaru in Kyushu and the Kochi Daimaru in Shikoku.

In addition to the department store food floors, Daimaru also owns Daimaru Peacock, a supermarket chain with over 44 stores. Daimaru Peacock stores have more of an international atmosphere than most supermarkets and usually offer more imported and higher grade products. Twenty-seven of the stores are in Tokyo and vicinity, with the remainder being around Osaka.

Daimaru was one of the first Japanese department stores to operate overseas when it opened a store in Hong Kong in 1960. Since then, it has also placed two stores in Thailand, in France, and one in Singapore. Daimaru also has eight representative offices abroad.

Daimaru has concluded a number of licensing agreements with overseas designers, including John Weite and Alain Lahlou. The Company also operates a specialty ladies clothing chain and a furniture chain.

Since 1970, Daimaru has had business relations with Matsuzakaya, the leading department store in Nagoya, for joint merchandising purposes. In general, however, the ties between them are not that strong.

MARUI CO., LTD.

Address: 3-8-18, Nakano, Nakano-ku, Tokyo 164, Japan Tel: 03-384-0101 Telex: 02322742 MARUI J	
ANNUAL TURNOVER (Period ending January 1988)	444 098 million yen
TOTAL NUMBER OF STORES	32
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	13 878 million yen
PROPORTION OF FOOD SALES	0%
TOTAL FLOOR SPACE	301 000 square metres
TOTAL NUMBER OF EMPLOYEES	8 026
YEAR ESTABLISHED	1937

Marui is the fifth largest department store in Japan and is well known for its volume sales made through its installment sales system. The number of holders of the "Red Card," Marui's credit card, increased to 9 million in 1987.

The company's profitability is exceptionally high compared to other department stores. After-tax profits on sales were 4.1 per cent for the year ending January 1988, the highest ratio among the top 10 department stores. The good business results are partly due to a policy of emphasizing a high-priced assortment of products for the younger generation.

Marui has been implementing a "scrap and build" policy, which indicates construction of new department stores, remodeling of existing ones and phasing out of poor performers. Sixteen Marui department stores recorded annual sales of ¥10 billion or more in 1988, and average annual sales per store were about ¥14 million.

In order to boost staff morale and to motivate its merchandising and sales force, the company has introduced a "junior manager" system. Persons selected as junior managers are assigned to one of 814 sales units. Junior managers are given the authority to assort products and the responsibility to control inventory and turnover.

Marui has been placing emphasis on marketing sundry items such as shoes, bags, stationery, jewelry and cosmetics, in addition to its designer and celebrity lines of clothing. This policy has resulted in the increase of cash payments by consumers.

The share of sales made through its installment system has been decreasing to 60 per cent of the company's total sales, although its installment sales are increasing. About 50 per cent of Marui's customers are below the age of 24.

For the first time Marui plans to set up a department store in Osaka around 1991.

Based on its installment plan data base, the company is reinforcing its mail-order business. Marui's response rate for direct mailings is approximately 20 per cent, which is far better than the 5 per cent goal sought by other companies in the retail industry.

Marui is eager to expand its consumer finance, travel agency and real estate services. Among them, consumer finance operations have recently grown very rapidly, becoming a key component of total operations. The company provides general-purpose loans and various specialized loans for domestic airline tickets, entertainment ticket guide services, home improvements, driver's schools, and new and used car purchases.

MATSUZAKAYA CO., LTD.

Address: 3-16-1, Sakae, Naka-ku, Nagoya 460, Japan Tel: 042-241-1111 Telex: 04422419 MATSUN J	
ANNUAL TURNOVER (Period ending February 1988)	386 016 million yen
TOTAL NUMBER OF STORES	9
LOCATION OF STORES	Eastern Japan: 2 Western Japan: 7
AVERAGE ANNUAL SALES PER STORE	42 891 million yen
PROPORTION OF FOOD SALES	20%
TOTAL FLOOR SPACE	228 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 056
YEAR ESTABLISHED	1910

Matsuzakaya is the sixth largest department store in Japan, beginning as a kimono store in Nagoya in 1611. The company now has 12 stores in Japan, including those operated by its affiliated companies.

Matsuzakaya has four overseas stores in Hong Kong, Paris and Los Angeles. The company joined the AMC (Associated Merchandising Corporation) of the U.S.A. in 1972 for purchasing foreign goods. AMC merchandise is important to Matuszakaya as a constant supply of imports and overseas information for Japanese consumers. The company also has a tie-up arrangement with Quelle of West Germany for mail-order sales in Japan.

Matsuzakaya has been conducting an international home-shopping service with Quelle. The ordered merchandise is delivered directly from Quelle to customers. In addition, Matsuzakaya has opened corner shops selling Quelle products in its stores.

Matsuzakaya has been accumulating know-how for non-retail sales using personal computers.

The company has about 40 subsidiaries in various fields, including Matsuzakaya Store, which operates a supermarket chain in the Chubu and Kanto areas.

ISETAN CO., LTD.

Address: 3-14-1, Shinjuku, Shinjuku-ku, Tokyo 160, Japan Tel: 03-352-1111 Telex: J23410, J32173	
ANNUAL TURNOVER (Period ending November 1988)	320 579 million yen
TOTAL NUMBER OF STORES	5
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	64 116 million yen
PROPORTION OF FOOD SALES	18%
TOTAL FLOOR SPACE	138 000 square metres
TOTAL NUMBER OF EMPLOYEES	5 968
YEAR ESTABLISHED	1930

Isetan is a traditional department store based in Tokyo, and originated as a kimono store in 1886. The company entered into an overall business tie-up with various local department stores in 1973 and formed a joint merchandising organization, ADO (All Nippon Department Stores Development Organization), together with 32 local department stores. The key members of the ADO are Matsuya, Marui Imai, Fujisaki, Tobu Department Store, Meitetsu Department Store, Hanshin Department Store, Tenmaya Department Store, Iwataya Department Store, Tokiha and Yamagataya. The ADO is led by Isetan, which is noted for its merchandising capabilities, especially in clothing and other fashion items.

In 1986, Isetan completed an information system connecting its stores to a POS system.

Isetan is the seventh largest department store in Japan, and has five stores in the Tokyo Metropolitan area. The company plans to open a store in Kanagawa in 1990, which will be the largest in scale of all its branches. Isetan also has three affiliated local department stores, i.e. Shizuoka Isetan, Iwataya Isetan and Niigata Isetan.

Isetan has been strengthening its mail-order business. The company will soon increase the number of catalogs issued to 200 000, with a plan to increase to 500 000 in two or three years. Annual sales in the mail-order business were about ¥5 billion for the year ending November 1987, with expectations to reach ¥10 billion by 1991.

Sales of garments account for 50 per cent of total sales, which is about 10 per cent higher than those of major department stores such as Mitsukoshi and Takashimaya.

In 1988, Isetan began using an EOS (Electronic Ordering System) to place orders for processed foods at its Shinjuku and Matsudo stores.

TOKYU DEPARTMENT STORE CO., LTD.

Address: 2-24-1, Dogensaka, Shibuya-ku, Tokyo 150, Japan Tel: 03-447-3111 Telex: 02423688 TOKYUD J	
ANNUAL TURNOVER (Period ending January 1988)	297 781 million yen
TOTAL NUMBER OF STORES	10
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	29 788 million yen
PROPORTION OF FOOD SALES	23%
TOTAL FLOOR SPACE	159 331 square metres
TOTAL NUMBER OF EMPLOYEES	4 445
YEAR ESTABLISHED	1919

Tokyu Department Store is the eighth largest department store chain and is in a similar situation to Seibu Department Stores. Tokyu, like Seibu, is part of the Tokyu group that is formed around the Tokyu Railway, one of the largest commuter train lines in Japan. Like Seibu, Tokyu is also run by one family, the Gotoh family, and it was only founded about 50 years ago.

The Tokyu group is divided into four sectors:

- transportation: railway and buses;
- real estate development;
- distribution and retailing; and
- recreation and leisure.

Again, the company is similar to Seibu in the nature of its varied business operations. The distribution and retailing group comprises about 75 companies, including department stores, supermarkets, restaurants, fast food shops, etc. The supermarket chain, Tokyu Stores, is described in the supermarket section.

Most of the Tokyu stores are in the Tokyo area. Tokyu Department Stores do not have as high quality reputation as the Seibu or Takashimaya department stores. Tokyu Department Stores generally offer lower-priced goods than the other department stores described above, and in this regard, are more characteristic of the "train line department stores" in Japan.

Tokyu Department Store has four stores in Hawaii, and one each in Hong Kong, Singapore and Thailand. The company is strong in food products, with a particularly well-known food floor in its Shibuya station (Toyokoten) store.

HANKYU DEPARTMENT STORES, INC.

Address: 8-7, Kakuta-cho, Kita-ku, Osaka 530, Japan Tel: 06-361-1381 Telex: J63957, J64128	
ANNUAL TURNOVER (Period ending March 1988)	296 001 million yen
TOTAL NUMBER OF STORES	8
LOCATION OF STORES	Eastern Japan: 3 Western Japan: 5
AVERAGE ANNUAL SALES PER STORE	37 000 million yen
PROPORTION OF FOOD SALES	26%
TOTAL FLOOR SPACE	125 000 square metres
TOTAL NUMBER OF EMPLOYEES	5 216
YEAR ESTABLISHED	1947

Hankyu is the ninth largest department store chain in Japan and is another of the "train line department stores." Similar to Seibu, Hankyu is a large industrial group comprising 230 companies in the following major sectors:

- railway;
- real estate;
- hotel; and
- commerce and retail, including department stores and supermarkets.

The first Hankyu Department Store was opened in Osaka in 1929. Of the eight stores that Hankyu operates at present, five are in Osaka, with three in Tokyo. The newest was opened in October 1984 in Ginza. Hankyu Department Stores are known for their high profitability, but are not generally of the high quality (or price range) of a Takashimaya or Seibu.

Included in the commerce and retail sector of the Hankyu Group are two medium-size supermarket chains, Hankyu Oasis and Hankyu Kyoei Bussan. Hankyu also owns a third small supermarket chain, Shintetsu Enterprises.

Hankyu has representative offices in Los Angeles, London, Paris and Milan. The company also has business relations with such foreign designer firms as Madame Gres and Jean Claude de Luca of France, and Harvard Kaspar of the U.S.A.

SOGO CO., LTD.

Address: 1-38, Shinsaibashi-suji, Minami-ku, Osaka 542, Japan Tel: 06-281-3111 Telex: 05228663	
ANNUAL TURNOVER (Period ending February 1988)	245 338 million yen
TOTAL NUMBER OF STORES	3
LOCATION OF STORES	Eastern Japan: 1 Western Japan: 2
AVERAGE ANNUAL SALES PER STORE	81 779 million yen
PROPORTION OF FOOD SALES	20%
TOTAL FLOOR SPACE	96 000 square metres
TOTAL NUMBER OF EMPLOYEES	3 257
YEAR ESTABLISHED	1919

Sogo is the 10th largest department store in Japan. Originating in the latter years of the feudal period (1830), Sogo operates three stores directly, one each in Osaka, Kobe and Tokyo. Sogo is also affiliated with 11 other department stores, including the Yokohama Sogo Department Store, opened in the fall of 1985, which is the largest single department store in Japan (approximate floor space: 68 400 square metres).

Sogo has two stores overseas, one in Hong Kong and one in Thailand. The company also has representative offices in Rome and Italy. Other foreign business relations include tie-ups with designers Paco Rabanne and Jean Claude Muller of France, and Angelo Litrico of Italy.

Sogo is expanding rapidly. It opened four affiliated stores in 1986, including one in Singapore, and another store in 1987. The company is also expanding the floor space of existing stores.

Sogo Department Stores do not have the prestigious reputation of a Takashimaya or a Seibu, instead Sogo is actively pursuing suburban markets and placing more emphasis on a sales policy of "good quality at a reasonable price."

KINTETSU DEPARTMENT STORE CO., LTD.

Address: 1-1-43, Abeno-suji, Abeno-ku, Osaka 545, Japan Tel: 06-624-1111 Telex: 05267711 KIN J	
ANNUAL TURNOVER (Period ending February 1988)	214 820 million yen
TOTAL NUMBER OF STORES	7
LOCATION OF STORES	Eastern Japan: 1 Western Japan: 6
AVERAGE ANNUAL SALES PER STORE	30 689 million yen
PROPORTION OF FOOD SALES	27%
TOTAL FLOOR SPACE	124 964 square metres
TOTAL NUMBER OF EMPLOYEES	4 197 Full-time: 3 723 Part-time: 474
YEAR ESTABLISHED	1972

Kintetsu is the 12th largest department store chain and is yet another of the "train line department stores" being established by the Kinki Nippon Railway in Osaka. Of the seven Kintetsu-operated stores, six are in the Osaka-Kyoto region and only one is in Tokyo.

Kintetsu is typical of most train line department stores in that business began in relatively modern times. The company is more of a second grade, reasonably priced department store. Kintetsu is also affiliated with four other department stores and two supermarket chains. The larger of the supermarket chains, Kinsho Stores, is a medium-size chain with 40 stores, all in the Nara-Osaka region. Total annual sales of Kinsho Stores is about ¥55 billion (1987).

5 Superstores and Supermarkets

The following section is divided into two parts. The first is a ranking by sales of the top 85 superstore and supermarket companies in Japan, giving such basic information as the address, the number of stores, the 1987 sales volume, and the food and beverage percentage of total sales.

The second part is a more detailed outline of each of the top 17 superstore/supermarket chains. This outline is made up of a description of the major features and activities of the company and a table giving basic operating data.

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
The Daiei, Inc. 1-1, Minatojima Nakamachi 4-chome, Chuo-ku, Kobe 650 Tel: (078) 302-5001 Telex: 05238422 DAIEI J	1 550 314	29	177
Ito-Yokado Co., Ltd. 1-4, Shiba-Koen 4-chome Minato-ku, Tokyo 105 Tel: (03) 459-2111 Telex: J23841 (YORK SHOP)	1 055 005	32	131
The Seiyu, Ltd. Sunshine 60 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku Tokyo 170 Tel: (03) 989-5111 Telex: 02723113 SEIYUF J	866 307	36	175
Jusco Co., Ltd. 1-1, Kandanishiki-cho Chiyoda-ku, Tokyo 101 Tel: (03) 296-7871 Telex: 2225528 JUSCO J	807 007	27	163
Nichii Co., Ltd. 14, Awaji-machi 2-chome Higashi-ku, Osaka 541 Tel: (06) 203-5075 Telex: 05228685	568 508	29	159
Uny Co., Ltd. 45-19, Meieki 2-chome Nakamura-ku, Nagoya 450 Tel: (052) 562-1411 Telex: J 59797 UNYHONSH	451 123	40	114
Izumiya Co., Ltd. 4-4, Hanazono-Minami 1-chome, Nishinari-ku Osaka 557 Tel: (06) 657-3355 Telex: 05267627	319 436	44	76
Nagasakiya Co., Ltd. 7-14, Higashi-Nihonbashi 3-chome, Chuo-ku Tokyo 103 Tel: (03) 661-3810 Telex: 02523838	311 177	0	114
Kotobukiya Co., Ltd. 3-3, Honjo 3-chome Kumamoto 860 Tel: (096) 366-3111 Telex: 0762522 KIBKY J	279 653	36	148

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Chujitsuya Co., Ltd. 1-11, Kabuki-cho 2-chome Shinjuku-ku, Tokyo 160 Tel: (03) 209-2121 Telex: 02325021 CHUJIT J	279 180	21	77
The Maruetsu, Inc. 17-2, Ageba-cho, Shinjuku-ku Tokyo 162 Tel: (03) 268-6111 Telex: 02323259 MARUET J	250 006	77	173
Uneed Co., Ltd. 7-20, Gion-Machi, Hakata-ku Fukuoka 812 Tel: (092) 261-3111	246 259	34	60
Tokyu Store Chain Co., Ltd. 21-12, Kami-Meguro 1-chome Meguro-ku, Tokyo 153 Tel: (03) 711-0109 Telex: 246-6408 TKYUSC J	222 400	63	83
K.K. Marushoku 3-33, Kanda 1-chome Kokura Kita-ku Kitakyushu, Fukuoka 803 Tel: (093) 591-3711	199 565	49	176
Heiwado Co., Ltd. 31, Koizumi-cho, Hikone Shiga Pref. 522 Tel: (0749) 23-3111	150 704	47	52
Life Stores Co., Ltd. 7-44, Nishi-Mikuni 1-chome Yodogawa-ku, Osaka 532 Tel: (06) 395-1951	128 015	71	69
Inageya Co., Ltd. 3-1, Nangai 5-chome Higashi-Yamato, Tokyo 189 Tel: (0425) 61-4551 Telex: 02842389	118 567	85	98
K.K. Fuji 2-1, Miyanishi 1-chome Matsuyama, Ehime Pref. 790 Tel: (0899) 22-8111	118 071	50	37
K.K. Iseya 510, Gedoji-machi, Isezaki Gunma Pref. 370-01 Tel: (0270) 32-2111	106 419	21	117

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Yaohan Department Store Co., Ltd. 1256-1, Okanomiya Aza Terabayashi, Numazu 410 Tel: (0559) 23-3234 Telex: 03922433	105 190	38	90
York-Benimaru Co., Ltd. 18-2, Asahi 2-chome Koriyama, Fukushima Pref. 963 Tel: (0249) 24-3111	105 057	55	50
Tobu Store Co., Ltd. 4-10, Nishi-Ikebukuro 1-chome Toshima-ku, Tokyo 171 Tel: (03) 986-0151	103 186	55	52
Daimaru Peacock, Inc. 32-10, Asagaya Minami 1-chome Suginami-ku, Tokyo 166 Tel: (03) 315-1531	102 715	N.A.	45
Izumi Co., Ltd. 22, Kyobashi-cho 2-chome Minami-ku, Hiroshima Pref. 730 Tel: (082) 264-3211	99 668	41	32
Sotetsu Rosen Co., Ltd. 3-23, Kitasaiwai 1-chome Nishi-ku, Yokohama 220 Tel: (045) 311-1721	90 569	78	85
Kasumi Co., Ltd. 3, Higashi-nakanuki-cho 1-chome, Tsuchiura Ibaraki Pref. 300 Tel: (0298) 31-0031 Telex: 3652513 KASUMI J	88 770	74	89
Hokkaido Daiei K.K. Daikyo Bldg. 422-5, Minami 8-jo Nishi 4-chome, Chuoku Sapporo 064 Tel: (011) 512-1161	88 672	N.A.	12

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Jujiya Co., Ltd. 20-11, Yanagibashi 2-chome Taito-ku, Tokyo 111 Tel: (03) 864-2511	81 763	17	23
K.K. Endo Chain 1-1, Chuo 4-chome, Sendai Miyagi Pref. 980 Tel: (0222) 66-2211	77 260	47	46
K.K. Marunaka 1001, Emza-cho, Takamatsu Kagawa Pref. 761 Tel: (0878) 86-8686	74 492	69	70
K.K. Kinkado 11-8, Minami-Ikebukuro 3-chome, Toshima-ku Tokyo 171 Tel: (03) 984-6261	73 687	27	18
K.K. Chain Store Okuwa 185-3, Nakajima Wakayama 641 Tel: (0734) 25-2481	72 888	54	52
Summit Stores, Inc. 1-1, Hamadayama 4-chome Suginami-ku, Tokyo 168 Tel: (03) 318-5020	68 658	79	50
K.K. Taiyo 14, Minami-Sakae 3-chome Kagoshima 891-01 Tel: (0992) 68-1211	66 913	67	57
Ogiya Jusco K.K. 6-3, Chuo 4-chome Chiba 280 Tel: (0472) 25-2181	66 616	36	18
K.K. Marukyo Store 285-1, Yamada, Onojo Fukuoka Pref. 816 Tel: (092) 501-5221	63 315	90	65
Yamanaka Co., Ltd. 15-31, Aoi 3-chome Higashi-ku, Nagoya 461 Tel: (052) 937-9300	62 679	89	54

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Tenmaya Store 13-16, Okamachi Okayama 700 Tel: (0862) 32-7265	57 155	N.A.	18
York Mart Co., Ltd. 38 Mori Bldg. 1-4, Shibakoen 4-chome Minato-ku, Tokyo 102 Tel: (03) 459-3611	56 362	77	40
K.K. Meitetsu Store 6-34, Jingu 3-chome Atsuta-ku, Nagoya 456 Tel: (052) 683-2411	55 878	64	36
K.K. Kinsho Store 22, Hidain-cho 8-chome Tennoji-ku, Osaka 543 Tel: (06) 779-1441	55 437	68	43
K.K. Olympic Shopping Centre 3-3, Nishiki-cho 2-chome Tachikawa, Tokyo 190 Tel: (0425) 25-2631	53 798	35	23
Nikonikodo Co., Ltd. 9-27, Minami-Kumamoto 1-chome, Kumamoto 860 Tel: (096) 371-2525	53 406	49	43
Odakyu OX 1-31, Kyodo 2-chome Setagaya-ku, Tokyo 156 Tel: (03) 425-1111	53 192	N.A.	36
K.K. Tawaraya 3-2, Sunaga 2-chome Kawasaki-ku, Kawasaki Kanagawa Pref. 210 Tel: (044) 244-7561	52 451	14	21
Matsuden Shoji K.K. 3876-1, Oaza Chikuma Matsumoto, Nagano Pref. 390 Tel: (0263) 26-9650	52 448	90	48
Marukyu Co., Ltd. 2-3, Hachioji 1-chome Hofu, Yamaguchi Pref. 747 Tel: (0835) 38-1511	52 217	61	85

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Torisen 700, Shimohayakawata Tatebayashi Gunma Pref. 374 Tel: (0276) 74-2121	51 683	69	50
Hello Foods K.K. 1, Kamasato 3-chome Midori-ku, Nagoya 458 Tel: (052) 892-1001	50 851	N.A.	40
Fuji Super Co., Ltd. Yokohama New Port Bldg. 194, Yamashita-cho, Naka-ku Yokohama 231 Tel: (045) 641-1000	50 126	78	30
K.K. Grand Tamakoshi 2-18, Wakatake 3-chome Ichinomiya, Aichi Pref. 491 Tel: (0586) 76-2121	50 060	29	16
K.K. Livre Keise 29-5, Takasago 8-chome Katsushika-ku, Tokyo 125 Tel: (03) 608-2851	49 158	78	30
K.K. Iida Hyakkaten 27-1, Takinokawa 7-chome Kita-ku, Tokyo 114 Tel: (03) 916-1111	48 755	70	32
K.K. Yoshizuya 8, Fujinami-cho 2-chome Tsushima, Aichi Pref. 496 Tel: (0567) 28-0111	45 418	N.A.	12
Nagano Seiyu, Ltd. 37, Mikuri-Ishigawara Kawanakajima-machi Nagano 381-22 Tel: (0262) 85-2205	44 849	71	39
K.K. Sunny 20-35, Hirao 2-chome Chuo-ku, Fukuoka 810 Tel: (092) 521-7961	44 078	81	54

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
U Store Co., Ltd. 2267-1, Aza Ghoiri Oaza Shobata, Saori-cho Ama-gun, Aichi Pref. 450 Tel: (0567) 26-1321	44 073	68	18
Matsumoto Kiyoshi K.K. 44, Kogane, Matsudo Chiba Pref. 270 Tel: (0473) 44-5111	43 172	61	172
Kyushu Nichii Matsumura Bldg. 8-31, Amiba-cho Hakata-ku, Fukuoka 812 Tel: (092) 272-1061	42 671	29	21
Shinshu Jusco K.K. 330-1, Aza Nakata Takamiya, Matsumoto Nagano Pref. 390 Tel: (0263) 27-3811	42 335	34	22
K.K. Ab.Ab. Akafudado 8-4, Ueno 4-chome Taito-ku, Tokyo 110 Tel: (03) 833-5131	41 500	44	35
K.K. Lion-do 36, Nakamachi 4-chome Aizu-Wakamatsu Fukushima Pref. 965 Tel: (0242) 26-2111	39 600	57	28
K.K. Sunny Mart 1-37, Chiyori-cho 2-chome Kochi 780 Tel: (0888) 84-6633	39 517	72	56
K.K. Yamazawa 8-9, Akoya-machi 3-chome Yamagata 990 Tel: (0236) 31-2211	39 331	78	37
K.K. Keihin Hyakkaten 26-26, Takanawa 3-chome Minato-ku, Tokyo 108 Tel: (03) 762-6161	39 113	70	21
Shimamura 19-4, Miyahara-cho, Omiya Saitama 330 Tel: (0486) 52-2111	38 581	N.A.	96

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Sakae 27, Hirano-cho 2-chome Higashi-ku, Osaka 541 Tel: (06) 768-1171	38 493	N.A.	22
K.K. Kameya Minami 17, Oroshimachi 2-chome Aomori 030-01 Tel: (0177) 38-1141	36 391	59	41
Isejin Jusco 2695-115, Tomobemachi Oshozuka, Nishi Ibaraki-gun Ibaraki 309-17 Tel: (02967) 7-0693	36 390	N.A.	25
K.K. Maruya 243, Kobuchi, Kasukabe Saitama Pref. 344 Tel: (0487) 61-0808	36 175	94	38
K.K. Ogino 16-4, Marunouchi 1-chome Kofu, Yamanashi Pref. 400 Tel: (0552) 37-7111	36 126	45	23
K.K. Simizu Food Centre 55-1, Horinouchi Niigata 950 Tel: (0252) 41-7241	35 606	92	127
K.K. Seifu 3-1, Aoto 5-chome Katsushika-ku, Tokyo 125 Tel: (03) 603-9161	35 000	N.A.	44
K.K. Sato 15, Aza Kamikonya Fukuchiyama, Kyoto 620 Tel: (0773) 22-0001	34 732	43	16
K.K. Shimizuya 41, Toriimatsu-cho 5-chome Kasugai, Aichi Pref. 480 Tel: (0568) 81-6151	34 576	22	5
K.K. Kyoei 8, Itsukicho 3-chome Tokushima 770 Tel: (0886) 22-0187	34 545	53	74

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Hokuriku Jusco Co., Ltd. 5-25, Kata-machi 1-chome Kanazawa, Ishikawa Pref. 920 Tel: (0762) 31-1111	34 262	30	16
Santoku Co., Ltd. 1-1, Okubo 2-chome Shinjuku-ku, Tokyo 160 Tel: (03) 203-3111	33 903	88	19
Sanwa 15-22, Morino 3-chome Machida, Tokyo 194 Tel: (0427) 25-1518	33 831	91	23
K.K. Keio Store 283-2, Sekido, Tama Tokyo 206 Tel: (0423) 73-2821	33 778	77	21
Matsuzakaya Store Co., Ltd. 12, Suemori-dori 5-chome Chikusa-ku, Nagoya 464 Tel: (052) 762-7211	33 588	74	23
K.K. Hokkaido Nichii 21, Hondori, Shiroishi-ku Sapporo 003 Tel: (011) 865-4121	32 462	41	6
K.K. Fujikoshi 9, Taira Aza Tamachi Iwaki, Fukushima Pref. 970 Tel: (0246) 23-1234	32 100	53	22
Sundore Wako 14 Bldg. 12-8, Hisamatsu-cho Nihonbashi, Chuo-ku Tokyo 103 Tel: (03) 661-6371	31 753	N.A.	32
K.K. Maruwa 10-10, Otemachi, Kokura Kita-ku Kita Kyushu, Fukuoka 803 Tel: (093) 582-7100	31 251	N.A.	25

Superstore and Supermarket Profiles

THE DAIEI, INC.

Address: 4-1-1, Minatojima Nakamachi, Chuo-ku, Kobe 650, Japan Tel: 078-302-5001 Telex: 05238422 DAIEI J, 0242-8314 DATKY J	
ANNUAL TURNOVER (Period ending February 1988)	1 550 314 million yen
TOTAL NUMBER OF STORES	177
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	8 759 million yen
PROPORTION OF FOOD SALES	29%
TOTAL FLOOR SPACE	1 264 000 square metres
TOTAL NUMBER OF EMPLOYEES	15 544
YEAR ESTABLISHED	1957

Daiei (pronounced dye-aye), since opening its first store in 1957 has come to be the largest retailer and superstore/supermarket chain in Japan. It has achieved this phenomenal growth in two ways: the rapid expansion of its own directly-operated stores; and the active development of business and capital tie-ups with other medium-size supermarket chains. Daiei now directly runs 177 stores, of which more than half are in the Osaka region and about a quarter around Tokyo. These stores had a combined sales of ¥1.5 trillion in 1987.

In addition, Daiei affiliated supermarkets (usually Daiei is the largest shareholder) include Uneed, the 12th largest chain in Japan and Maruetsu, the 11th largest. Both these chains are discussed later in this section.

Daiei is also connected with the second largest convenience store chain, Lawson, which is also discussed later (under convenience stores).

Daiei has tie-ups with foreign companies, including Au Printemps (France), Lawson Milk (U.S.A.), Swift (U.S.A.), J.C. Penny (U.S.A.), K Mart (U.S.A.) and Kroger (U.S.A.). Daiei has 10 overseas offices, including ones in Los Angeles, New York and Seattle. Daiei is also tied to a number of restaurant or fast food chains in Japan such as Wendy's, Captain Cook and Volks, among others.

Daiei joined with CGC Japan, a voluntary chain of 170 supermarkets, and set up a joint merchandising and purchasing company, Glory Inc. Daiei has also established a new firm, Advanced Department Stores of Japan (ADS), together with other stores such as Jujiya, Au Printemps and Maruko, to conduct centralized buying of merchandise.

Daiei has been bolstering its mail-order and door-to-door businesses. In restructuring Riccar Co., a bankrupt sewing machine manufacturer, Daiei reorganized the company into a wholly-owned subsidiary of Printemps Ginza to strengthen its mail-order business in 1988. Daiei sold more than 800 000 copies of "Home World" catalog in 1987, and also transferred its door-to-door catalog sales operation to Riccar in 1988.

To cope with the severe competition from rivals in Japan and its relatively low profitability, Daiei has been urging all of its stores to use POS systems and promoting the OMC credit card, which can be used at all 5 000 group stores. The group's new system for ordering and receiving goods using a POS set-up has reportedly contributed significantly to the improvement of inventory turnover ratios. The OMC credit card, which was first issued in 1983, boasted 3 million cardholders in 1987, and has tie-ups with both VISA and MasterCard.

ITO-YOKADO CO., LTD.

Address: 4-1-4, Shiba-Koen, Minato-ku, Tokyo 105, Japan Tel: 03-459-2111 Telex: J23841 YORK SHOP	
ANNUAL TURNOVER (Period ending February 1988)	1 055 005 million yen
TOTAL NUMBER OF STORES	131
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	8 053 million yen
PROPORTION OF FOOD SALES	32%
TOTAL FLOOR SPACE	970 000 square metres
TOTAL NUMBER OF EMPLOYEES	12 342
YEAR ESTABLISHED	1913

Ito-Yokado is the second largest superstore/supermarket chain in Japan, and like Daiei, is a retail conglomerate which includes several other affiliated supermarket chains, convenience stores, restaurants, food processing companies, department stores, etc.

Ito-Yokado directly operates 131 stores. In addition, affiliated supermarket chains include the 16th largest chain in Japan, Life Stores, discussed later in this section. Other affiliated store chains are:

Supermarket Chain	Number of stores	Area of Concentration
York-Benimaru	51	Tohoku (Northeast Japan)
York Mart	38	Tokyo region

Ito-Yokado is also managing Seven-Eleven, the largest convenience store chain in Japan, discussed later under convenience stores.

Other foreign companies that Ito-Yokado has business relations with are Denny's (U.S.A.), Southland (U.S.A.), Oshman's Sporting Goods (U.S.A.) and Associated Dry Goods (U.S.A.). Ito-Yokado has four overseas offices, including one in San Francisco.

Ito-Yokado is relatively old for a supermarket chain store having been founded in 1920. In 1961, the company opened Japan's first "superstore." Ito-Yokado is known for being the most profitable of the supermarket chains in Japan. The company is also proud of the strong bonds among its group company members.

THE SEIYU, LTD.

Address: Sunshine 60, 3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo 170, Japan Tel: 03-989-5111 Telex: 02723113, 02722444, 02722394 SEIYUF J	
ANNUAL TURNOVER (Period ending February 1988)	866 307 million yen
TOTAL NUMBER OF STORES	175
LOCATION OF STORES	N.A.
AVERAGE ANNUAL SALES PER STORE	4 950 million yen
PROPORTION OF FOOD SALES	36%
TOTAL FLOOR SPACE	771 000 square metres
TOTAL NUMBER OF EMPLOYEES	11 374
YEAR ESTABLISHED	1946

Seiyu is the third largest superstore/supermarket chain in Japan and has 175 directly operated stores throughout the country, but mostly in and around the Tokyo area. Seiyu is the supermarket arm of Seibu Retail Enterprises and is a member of the Seibu Group.

Seiyu is itself a subsidiary of Seibu Department Stores. However, since Seiyu and Seibu Department Stores have invested jointly in the formation of other group companies, they are on more of an equal footing than other members of the Seibu Retail Enterprises Group.

Other affiliated companies involved with food products include:

Company	Type of operation
Seiyu Foods	Food processing and manufacturing
Roly Doll	Ice cream shops
Ceppo	Fast food chain
Family Mart	Convenience store chain (fifth largest in Japan)
Shell Garden	Premium-priced supermarket in Tokyo area

Seiyu also has a licensing arrangement with Sears, Roebuck (U.S.A.) and Jewel Companies (U.S.A.), and several overseas offices, including one in Chicago.

Seiyu was the first Japanese retailer to open a supermarket in Beijing, China, handling mainly food and sundries and catering to the Japanese expatriate community.

Seiyu plans to set up a company to handle Mujirushi Ryohin (no-brand products) in order to expand its franchise business, and to begin wholesale sales to various retailers such as department stores.

In 1988, the Seibu Saison Group set up "Seiyu Finance Asia" in Hong Kong, for extending financial assistance to companies in the "Newly Industrializing Economies" to help nurture business relations between Japanese and other Asian companies.

JUSCO CO., LTD.

Address: 1-1, Kandanishiki-cho, Chiyoda-ku, Tokyo 101, Japan Tel: 03-296-7871 Telex: 2225528, 2222570 JUSCO J	
ANNUAL TURNOVER (Period ending February 1988)	807 007 million yen
TOTAL NUMBER OF STORES	163
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	5 012 million yen
PROPORTION OF FOOD SALES	27%
TOTAL FLOOR SPACE	776 000 square metres
TOTAL NUMBER OF EMPLOYEES	19 960 Full-time: 10 976 Part-time: 8 984
YEAR ESTABLISHED	1926

Jusco is the fourth largest superstore/supermarket chain in Japan. It was formed in 1969 from a merger of three supermarket chains in the Osaka and Nagoya regions. Of the 163 Jusco stores, 64 are in the Kinki area, 47 are in the Chubu area and 52 are in other areas. Total sales are ¥807 billion (1987).

Jusco is affiliated with some of the leading supermarkets in other regions of Japan such as:

Supermarket Chain	Number of Stores	Area of Concentration
Kakudai Jusco	9	Miyagi
Isejin Chain	24	Ibaragi
Ojiya Jusco	18	Chiba
Hokuriku Jusco	17	Ishikawa
Fukuoka Jusco	14	Fukuoka

Similar to other major chains, Jusco is actively developing additional areas of its food service business, including fast food chains, convenience stores and family restaurants. Jusco helped form AIC along with three other major Japanese chains (Uny, Izumiya and Chujitsuya) in 1979. AIC was established for the purpose of joint purchasing from overseas sources. Safeway joined AIC in 1981 and Promodes, the second largest supermarket chain in France, is also expected to join.

Jusco has a joint venture with General Mills for the promotion of Red Lobster restaurants. Jusco's three overseas offices are in Brazil, Korea and Australia.

NICHII CO., LTD.

Address: 2-14, Awaji-machi, Higashi-ku, Osaka 541, Japan Tel: 06-203-5075 Telex: 05228684, 05228685 NICFIN J	
ANNUAL TURNOVER (Period ending February 1988)	568 508 million yen
TOTAL NUMBER OF STORES	159
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	3 576 million yen
PROPORTION OF FOOD SALES	29%
TOTAL FLOOR SPACE	713 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 481
YEAR ESTABLISHED	1963

Nichii is the fifth largest superstore/supermarket chain in Japan and, similar to Jusco, was formed through a merger comprising three medium-sized chains and one wholesaler. At present, Nichii directly operates 159 stores with total sales of about ¥568 billion (1987). More than half the Nichii stores are in the Osaka region, with only 25 stores around Tokyo and the rest generally in the southern half of the country.

Similar to the other major chains, Nichii is involved in a number of ventures, including some other supermarket chains, restaurants, fast food, specialty stores, consumer finance, travel agencies, etc.

Nichii started as a clothing supermarket and then added the selling of food to its activities. As a result, a larger portion of Nichii's sales are non-food compared to the other supermarket chains. However, the company is putting more emphasis on food and its sales ratios are gradually changing.

Nichii supplies products to 200 independent retailers through its Nippon Allied Chain (NAC), which is a voluntary business association.

In overseas activities most of Nichii's connections are with clothing companies. Overseas food-related tie-ups include franchising for Arby's fast food; exclusive sales rights for the products of the Vienna Sausage Manufacturing Co.; and management know-how on hamburger restaurants from Fuddruckers. Among its overseas offices, Nichii has one trading office in the United States.

UNY CO., LTD.

Address: 2-45-19, Mejeki, Nakamura-ku, Nagoya 450, Japan Tel: 052-585-3051 Telex: J 59797 UNYHONSH	
ANNUAL TURNOVER (Period ending February 1988)	451 123 million yen
TOTAL NUMBER OF STORES	114
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	3 957 million yen
PROPORTION OF FOOD SALES	40%
TOTAL FLOOR SPACE	581 000 square metres
TOTAL NUMBER OF EMPLOYEES	6 868
YEAR ESTABLISHED	1950

Uny is the sixth largest superstore/supermarket chain and was formed through the merger of two chain stores in the Nagoya area of Japan. At present, Uny directly operates 106 stores in the central part of Japan, with total sales of about ¥451 billion.

Uny has been diversifying in both the retail and non-retail sectors. In retailing, Uny has set up subsidiaries such as U store (a supermarket chain), Circle K Japan (convenience store under a licensing agreement with Circle K Corp. of the U.S.A.) and Sagami (a specialty kimono store). Uny has been developing its non-retail sector customer services with ventures such as a travel agency, a real estate brokerage and telecommunications services.

To diversify its business, the company established tie-ups with the following overseas companies besides Circle K: Winchell's Donut House, a division of Denny's of the U.S.A., to operate doughnut restaurants; Vendex International of the Netherlands, to use its know-how for operating department stores and specialty store chains; Comp-U-Card International of the U.S.A., to introduce computer terminal shopping services; and Micro Age Computer Stores, to move into the computer specialty store franchise business.

Uny has been opening specialty stores such as Handih, Tom Tom and Almo.

In 1979, Uny joined AIC, an organization which purchases various merchandise from overseas jointly with four other major supermarket chains, i.e. Jusco, Izumiya, Chujitsuya and Uneed (Uneed left the organization in 1981).

In March 1985, Uny established a convenience store, "Circle K Convenience Store (HK)," jointly with Li and Fung of Hong Kong and Circle K International, a subsidiary of Circle K of the U.S.A. In 1987, Uny opened its first supermarket with floor space of 13 000 square metres in Hong Kong.

IZUMIYA CO., LTD.

Address: 1-4-4, Hanazono-Minami, Nishinari-ku, Osaka 557, Japan Tel: 06-657-3355 Telex: 05267627	
ANNUAL TURNOVER (Period ending February 1988)	319 436 million yen
TOTAL NUMBER OF STORES	76
LOCATION OF STORES	Western Japan
AVERAGE ANNUAL SALES PER STORE	4 203 million yen
PROPORTION OF FOOD SALES	44%
TOTAL FLOOR SPACE	325 000 square metres
TOTAL NUMBER OF EMPLOYEES	4 053
YEAR ESTABLISHED	1949

Izumiya attained annual sales of Y320 billion for the year ending February 1988, surpassing Nagasakiya. Izumiya is now the seventh largest supermarket chain in Japan, handling mainly clothing and food.

Izumiya set up AIC (Allied Import Co.) in 1979, to jointly purchase various types of merchandise from overseas sources, in co-operation with Jusco, Chujitsuya, Uny and Uneed (Uneed left the organization in 1981).

Izumiya has been diversifying its business — in 1979, Izumiya commenced franchise business operations and, as of 1988, the company has 14 franchises in the western part of Japan, hoping to increase the number rapidly. In 1982, the company also embarked on automobile sales as a member of Autorama.

Izumiya is introducing a main frame host computer and POS system to cope with its proposed business expansion. In 1986, the company completed an on-line network among its headquarters, branch outlets and delivery centre.

Izumiya opened its first two stores in the Kanto region in 1987; the Ushiku Store in Ibaraki prefecture and the Yachiyo Store in Chiba prefecture.

Izumiya has made continuous efforts to increase membership in its Izumiya Card Scheme since 1985.

Izumiya has more than 30 affiliated companies such as Sun Sports, Pelican, Sun Fresh, Sun Rolly and Sun Foods.

NAGASAKIYA CO., LTD.

Address: 3-7-14, Higashi-Nihonbashi, Chuo-ku, Tokyo 103, Japan Tel: 03-661-3810 Telex: 02523838 NAGASA	
ANNUAL TURNOVER (Period ending February 1988)	311 177 million yen
TOTAL NUMBER OF STORES	114
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	2 706 million yen
PROPORTION OF FOOD SALES	0%
TOTAL FLOOR SPACE	474 000 square metres
TOTAL NUMBER OF EMPLOYEES	3 388
YEAR ESTABLISHED	1948

Nagasakiya is the eighth largest supermarket chain and handles mainly clothing from its 114 shops throughout Japan.

Nagasakiya was set up in 1948 as a retail store for bedding and clothing in the suburbs of Tokyo. Due to its historical background, its sales of clothing annually exceed 60 per cent of total sales. The company's store brand, "Sunbird" (clothing), started in 1970 and has influenced the development of original brands by other supermarkets. The company operates a chain of "Sunbird" franchise stores which number 320 outlets, including franchisees such as Kasumi Co.

Nagasakiya plans to introduce a POS system to all 1 400 stores belonging to the group which includes restaurants and specialty stores. As a first step, Nagasakiya will install a POS system in its 114 supermarkets by 1989. After the introduction of the POS system, the compiled data will be controlled and managed by Sun Joho Kaihatsu, an affiliate of Nagasakiya.

Nagasakiya merged its trading affiliates, Sun East International and Sun Trading, in September 1988 to reinforce its "develop and import" trade. The new trading company, named "Sun East," has paid-up capital of ¥203 million. Sun East International has representative offices in the Philippines and Thailand.

Nagasakiya also operates "Sunkus," a franchise convenience store chain, which now has about 320 stores, owned or franchised in Hokkaido, and the Tohoku and Kanto areas, enjoying rapid expansion since 1985.

Nagasakiya is presently putting emphasis on bolstering its food section. The company engages in food sales via its subsidiary, Sundore Group, which operates 47 stores with annual sales of ¥50 billion for the year ending February 1988. Nagasakiya has decided to absorb and merge its subsidiaries, Sundore and Sundore Hokkaido, in 1989, to strengthen its food business.

Nagasakiya is engaged in the family restaurant business through its subsidiary, "Oasis," which operates 65 stores in Nagasakiya supermarket stores. Nagasakiya also operates 15 suburban "IHOP" restaurants through a tie-up with IHOP (International House of Pancakes) of the U.S.A.

KOTOBUKIYA CO., LTD.

Address: 3-3-3, Honjo, Kumamoto 860, Japan Tel: 096-366-3111 Telex: 0762522 KTBKY J	
ANNUAL TURNOVER (Period ending February 1988)	279 653 million yen
TOTAL NUMBER OF STORES	148
LOCATION OF STORES	Western Japan
AVERAGE ANNUAL SALES PER STORE	1 890 million yen
PROPORTION OF FOOD SALES	36%
TOTAL FLOOR SPACE	361 000 square metres
TOTAL NUMBER OF EMPLOYEES	10 038 Full-time: 5 010 Part-time: 5 028
YEAR ESTABLISHED	1947

Kotobukiya is the ninth largest supermarket chain in Japan, with 148 stores almost entirely in Kyushu. The company is not a member of any specific corporate grouping.

Kotobukiya was started in 1947 as a cosmetics and clothing retailer and did not begin marketing food products until 1961. Much of its food products are handled by its 43 K Combie stores, for which food usually amounts to 80 per cent or 90 per cent of total sales. All but seven of Kotobukiya's stores offer at least some food products.

Kotobukiya's other food-related businesses include:

Company	Type of Operation
Hakusho	Supermarket chain
Hyuga	Supermarket chain
Ejimaya	Supermarket chain
Gruppe	Restaurant
Kotobukiya Bakery	Bakery

Kotobukiya has one overseas office in Taiwan.

CHUJITSUYA CO., LTD.

Address: 2-1-11, Kabuki-cho, Shinjuku-ku, Tokyo 160, Japan Tel: 03-209-2121 Telex: 02325021 CHUJIT J	
ANNUAL TURNOVER (Period ending February 1988)	279 180 million yen
TOTAL NUMBER OF STORES	77
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	3 626 million yen
PROPORTION OF FOOD SALES	21%
TOTAL FLOOR SPACE	326 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 540 Full-time: 3 809 Part-time: 3 731
YEAR ESTABLISHED	1954

Chujitsuya is the 10th largest supermarket chain in Japan. Its 77 stores are mainly located in suburban Tokyo. The company is a member of the AIC group.

Chujitsuya began as a small dry goods shop in 1933 and changed into a full supermarket business in 1960. One of Chujitsuya's major characteristics is the location of large stores, with spacious parking lots, at many of its suburban sites. Chujitsuya is another highly diversified supermarket chain. Its major food-related subsidiaries are:

Company	Type of Operation
Co-op Meat	Meat packing
World Foods	Food processing
K.C. Suisan	Seafood wholesaling
Nice	Premium supermarket

Chujitsuya has also licensed with Hungry Tiger, the U.S. seafood chain, as a franchiser in Japan.

THE MARUETSU, INC.

Address: 17-2, Ageba-cho, Shinjuku-ku, Tokyo 162, Japan Tel: 03-268-6111 Telex: 02323259 MARUET J	
ANNUAL TURNOVER (Period ending March 1988)	250 006 million yen
TOTAL NUMBER OF STORES	173
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	1 445 million yen
PROPORTION OF FOOD SALES	77%
TOTAL FLOOR SPACE	255 000 square metres
TOTAL NUMBER OF EMPLOYEES	8 421 Full-time: 4 136 Part-time: 4 285
YEAR ESTABLISHED	1943

While Maruetsu is the 11th largest supermarket chain in Japan, it considers itself the largest *food product supermarket chain*. This does not mean that Maruetsu sells more foodstuffs than Daiei, but as a proportion of food sales to total sales, Maruetsu's 77 per cent is more than twice as high as Daiei (29 per cent). On the other hand, though Maruetsu has a high proportion of food sales, it also has many new stores which offer a large complement of dry goods.

All of Maruetsu's 173 stores are located in the Kanto-Tokyo area. As a member of the Daiei group, it helps fill Daiei's lack of stores in the Tokyo region. Maruetsu began as an independently operated food store in 1945, adopting the name Maruetsu only in 1974. One of its major expansions occurred in 1981 when it absorbed another large Daiei group member, Sanko.

Maruetsu was a late starter in the development of other lines of retail business. Recently, it has been making an extra effort to catch up in this area by expanding its business base. In regard to food products, new endeavours include:

Company	Type of Business
The Old Spaghetti Factory	Restaurant chain
Woodpecker	Family restaurant
Bulk Shop	Bulk food sales

UNEED CO., LTD.

Address: 7-20, Gion-Machi, Hakata-ku, Fukuoka 812, Japan Tel: 092-261-3111 Telex: J723680 DAIE 004	
ANNUAL TURNOVER (Period ending February 1988)	246 259 million yen
TOTAL NUMBER OF STORES	60
LOCATION OF STORES	Western Japan
AVERAGE ANNUAL SALES PER STORE	4 104 million yen
PROPORTION OF FOOD SALES	34%
TOTAL FLOOR SPACE	350 000 square metres
TOTAL NUMBER OF EMPLOYEES	7 237 Full-time: 2 925 Part-time: 4 312
YEAR ESTABLISHED	1946

Uneed is the 12th largest supermarket chain in Japan and its 60 stores are concentrated in the Kyushu area in the south of Japan. Uneed is directly affiliated with Daiei, and is part of the Daiei group. About 25 per cent of Uneed's stock is held by Daiei.

Uneed was originally founded in Kyushu in 1895 as a five-and-dime store, run by the Fuchigami family. In 1946, four separate chains were amalgamated and the new name Uneed adopted. Uneed joined with Daiei in 1981 and left AIC which it had helped to form.

Uneed's affiliated companies include:

- Fuji Iryo (clothing sales)
- Nishi-Nippon Sun Kensetsu (building maintenance and construction)
- Taiyo Shokuhin (manufacture/sales of food)
- Green Card (credit sales)
- Kyushu Daily Dish (manufacture/sales of food)
- La Pearl (restaurant)
- Kyushu System Service (sales of business machines and data processing service)
- Sun Shizuka (convenience store)
- Takachiho Camera (sales of photographic materials).

TOKYU STORE CHAIN CO., LTD.

Address: 1-21-12, Kami-Meguro, Meguro-ku, Tokyo 153, Japan Tel: 03-711-0109 Telex: 02466408 TKYUSC J	
ANNUAL TURNOVER (Period ending February 1988)	222 400 million yen
TOTAL NUMBER OF STORES	83
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	2 680 million yen
PROPORTION OF FOOD SALES	63%
TOTAL FLOOR SPACE	189 000 square metres
TOTAL NUMBER OF EMPLOYEES	3 141
YEAR ESTABLISHED	1956

Tokyu Store is the supermarket sector of the Tokyu group, whose parent is Tokyu Railway. In this regard, Tokyu's position is similar to Seiyu stores (discussed above), whose parent is the Seibu Saison Group.

Tokyu stores are mainly in the Tokyo region and are often found in or near the train stations of the parent company. Tokyu Store was first established in 1956 and, with the considerable financial strength of the Tokyu group behind it, has managed to grow to 83 stores. Tokyu Store has grown two per cent to four per cent per year over the last few years. Tokyu hopes to improve its performance by opening large, multi-purpose stores.

Tokyu Stores has been slow to develop its own affiliated businesses to the same extent as have the other major chains.

K.K. MARUSHOKU

Address: 1-3-33, Kaneda, Ogura Kita-ku, Kitakyushu 803, Japan Tel: 093-591-3711	
ANNUAL TURNOVER (Period ending June 1988)	199 565 million yen
TOTAL NUMBER OF STORES	176
LOCATION OF STORES	Western Japan
AVERAGE ANNUAL SALES PER STORE	1 134 million yen
PROPORTION OF FOOD SALES	49%
TOTAL FLOOR SPACE	211 248 square metres
TOTAL NUMBER OF EMPLOYEES	4 452 Full-time: 3 320 Part-time: 1 132
YEAR ESTABLISHED	1947

Marushoku is the 14th largest supermarket chain in Japan. The company is based mainly in the Kyushu and Chugoku (around Hiroshima) regions. It is not an official member of any other supermarket chain or grouping.

Marushoku was founded in Kyushu in 1947 as a small food store. Over the years, it added food processing and manufacturing, opening its first supermarket in 1955. Since then, it has grown to 176 outlets, all directly operated. In addition, Marushoku has seven affiliated supermarket chains in Kyushu and Chugoku.

Unlike most of the other chains of its class, it appears Marushoku has made no effort to branch out into other businesses outside of basic supermarket operation.

HEIWADO CO., LTD.

Address: 31, Koizumi-cho, Hikone-shi, Shiga-ken 522, Japan Tel: 0749-23-3111	
ANNUAL TURNOVER (Period ending February 1988)	150 704 million yen
TOTAL NUMBER OF STORES	52
LOCATION OF STORES	Western Japan
AVERAGE ANNUAL SALES PER STORE	2 898 million yen
PROPORTION OF FOOD SALES	47%
TOTAL FLOOR SPACE	164 000 square metres
TOTAL NUMBER OF EMPLOYEES	5 089 Full-time: 2 770 Part-time: 2 319
YEAR ESTABLISHED	1957

Heiwado is the 15th largest supermarket chain, with 52 stores mostly located in Shiga prefecture, west of Kyoto.

Heiwado was first established in 1957 and started taking on a supermarket format in 1966. It has since amalgamated with another chain, began establishing branches outside of Shiga prefecture, and proceeded with an energetic diversification program. Included among Heiwado's affiliates are a golf course, a hotel chain, furniture and appliance stores, a building maintenance firm, etc.

Among Heiwado's food-related affiliates are:

Company	Type of Business
Higashi Kinki Chiiki Super	Supermarkets
Heiwa Foods	Restaurant management
Fire Star	Family restaurant

Heiwado's involvement in restaurant management and in family restaurants was only initiated in late 1984.

Heiwado is a member of Nichiryu (Nihon Ryutsu Sangyo), which it joined in 1974. Nichiryu is its source of in-house food brands.

LIFE STORES CO., LTD.

Address: 1-7-44, Nishi-Mikuni, Yodogawa-ku, Osaka 532, Japan Tel: 06-395-1951	
ANNUAL TURNOVER (Period ending February 1988)	128 015 million yen
TOTAL NUMBER OF STORES	69
LOCATION OF STORES	Eastern Japan: 22 Western Japan: 47
AVERAGE ANNUAL SALES PER STORE	1 855 million yen
PROPORTION OF FOOD SALES	71%
TOTAL FLOOR SPACE	95 521 square metres
TOTAL NUMBER OF EMPLOYEES	5 303 Full-time: 2 322 Part-time: 2 981
YEAR ESTABLISHED	1956

Life Stores is the 16th largest supermarket chain, and, like Maruetsu, concentrates more heavily on food than on general merchandise. The company's 69 outlets are mostly located near the major urban centres of Osaka and Tokyo. Life Stores is an affiliate of Ito-Yokado.

Life Stores originally dates back to the Meiji period, but the chain did not take on its present name, as well as the supermarket format, until 1961. Initially based in Osaka, the chain opened its first store in Tokyo in 1971, and now has 11 stores in the Tokyo area.

Life Stores has not developed affiliated businesses as avidly as other supermarket chains. Its only food-related affiliate is the wholesale supplier, Sanwa Bussan.

INAGEYA CO., LTD.

Address: 5-3-1, Minami-machi, Higashi-Yamato-shi, Tokyo 189, Japan Tel: 0426-61-4551 Telex: 2842-385	
ANNUAL TURNOVER (Period ending March 1988)	118 567 million yen
TOTAL NUMBER OF STORES	98
LOCATION OF STORES	Eastern Japan
AVERAGE ANNUAL SALES PER STORE	1 210 million yen
PROPORTION OF FOOD SALES	85%
TOTAL FLOOR SPACE	100 478 square metres
TOTAL NUMBER OF EMPLOYEES	3 868 Full-time: 1 468 Part-time: 2 400
YEAR ESTABLISHED	1948

Inageya is the 17th largest supermarket chain in Japan, with 98 supermarkets located in the Kanto (Tokyo) region. Inageya is mainly a food product supermarket.

Beginning as a small food store in the Meiji period, the company introduced the self-service format in 1956. Its main growth occurred after 1975 and recently the company introduced a number of mini-supermarkets. Inageya is not a member of any purchasing or merchandising group.

Inageya may develop a greater interest in developing affiliated companies than it has in the past in order to maintain a good measure of growth. For the time being, however, the company has only one food-related affiliate, a small food processor, Sun Food Japan.

6 Convenience Stores

The following section is divided into two parts. The first is a ranking by sales of the top 20 convenience store and mini-super chains in Japan, giving such basic data as the address, the number of stores in the chain, the 1987 sales volume, and the food and beverage percentage of total sales.

The second part is a more detailed outline of the top six convenience store and mini-super chains. This outline is made up of a description of the major features and activities of the company and a table giving basic operating data.

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
Seven-Eleven Japan Co., Ltd. 1-4, Shiba-Koen 4-chome Minato-ku, Tokyo 105 Tel: (03) 459-3711	521 906	75	2 964
Lawson Japan 1, Toyotsu-cho 9-chome Suita Osaka 564 Tel: (06) 380-4491	167 100	85	1 831
K.K. Sun Shop Yamazaki (Sun Every) 2-4, Iwamoto-cho 3-chome Chiyoda-ku, Tokyo 101 Tel: (0473) 25-4181	163 694	76	1 657
K Mart Chain Kyodo 2-20, Shinanomachi 2-chome Minami-ku, Osaka 542 Tel: (06) 212-2541	127 600	95	1 012
K.K. Family Mart 27-10, Higashi Ikebukuro 4-chome, Toshima-ku Tokyo 170 Tel: (03) 989-6600	126 476	75	1 007
K.K. Sun Chain 17-4, Ueno 3-chome Taito-ku, Tokyo 110 Tel: (03) 834-9121	80 973	76	648
Mon Mart Store Systems 8-6, Koyama 1-chome Shinagawa-ku, Tokyo 142 Tel: (03) 787-0024	47 768	89	330
Kokubu K.K. (Kokubu Grocers Chain Alliance) 1-1, Nihonbashi 1-chome Chuo-ku, Tokyo 103 Tel: (03) 276-4301	46 914	N.A.	N.A.
Hot SPAR 1-3, Higashi nakanoki-cho Tsuchiura 300 Tel: (0298) 31-7190	41 145	N.A.	333
Circle K. 4-8-10, Meieki Nakamura-ku Nagoya Tel: (052) 585-3911	40 420	N.A.	369

Company	1987 Sales		
	Total (million ¥)	Food & Beverage (%)	No. of Stores
K.K. Sunkus 5-10, Higashi Nihonbashi 2-chome, Chuo-ku Tokyo 103 Tel: (03) 866-4145	32 400	N.A.	236
K.K. Seikomart Nishi 1-chome Minami Rokujo Chuo-ku, Sapporo 064 Tel: (011) 51-2796	31 600	80	276
K.K. Coco Store 7-33, Sakae 1-chome Naka-ku, Nagoya 460 Tel: (052) 231-6235	31 000	80	245
Mini Stop K.K. 1, Kanda Nishiki-cho 1-chome Chiyoda-ku, Tokyo 101 Tel: (03) 246-8856	21 162	75	158
K.K. FG Chain 34-8, Kamakura 4-chome Katsushika-ku, Tokyo 125 Tel: (03) 650-3311	20 342	77	165
K.K. Niko Mart 17-4, Shintomi 1-chome Chuo-ku, Tokyo 104 Tel: (03) 553-5291	18 192	N.A.	167
Shimizu Food Franchise Chain 1, Horinouchi Niigata 950 Tel: (0252) 41-7241	13 635	70	93
K.K. Bull Mart 29-11, Yotsuya 4-chome Shinjuku-ku, Tokyo 160 Tel: (03) 341-9731	13 610	73	168
Night Shop Ishizuchi 2-259, Ochi-cho Matsuyama 790 Tel: (0899) 57-6413	13 227	67	232
Mammy Chain 1045-3, Motoyoshida-cho Mito 310 Tel: (0292) 47-7300	9 300	74	63

Convenience Store Profiles

SEVEN-ELEVEN JAPAN CO., LTD.

Address: 4-1-4, Shiba-Koen, Minato-ku, Tokyo 105, Japan Tel: 03-459-3711	
ANNUAL TURNOVER (Period ending February 1988)	521 906 million yen
TOTAL NUMBER OF STORES	2 964
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	176 million yen
PROPORTION OF FOOD SALES	75%
TOTAL FLOOR SPACE	330 000 square metres
TOTAL NUMBER OF EMPLOYEES	1 407
YEAR ESTABLISHED	1973

Seven-Eleven has proven tremendously successful in Japan and is easily the largest of the convenience stores, with sales more than double its nearest competitor. The company has enjoyed excellent growth since it opened its first store in 1974. There are now 2 964 Seven-Eleven outlets all over Japan. As yet, there is still much room for expansion.

Seven-Eleven's operations are carried out very similarly to those in North America, with a comparable combination of fresh food, fast food and sundry items. The mix of products, however, includes many that are distinctly Japanese, i.e. bento (box lunches), or instant noodles. Still, many products, soft drinks, hamburgers, frozen food, are very similar to North American products.

Seven-Eleven franchise rights are controlled in Japan by Ito-Yokado and the company is part of the Ito-Yokado group.

K.K. LAWSON JAPAN

Address: 9-1, Toyotsu-Machi, Suita-shi, Osaka 564, Japan Tel: 06-380-4491	
ANNUAL TURNOVER (Period ending February 1987)	167 100 million yen
TOTAL NUMBER OF STORES	1 831
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	91 million yen
PROPORTION OF FOOD SALES	85%
TOTAL FLOOR SPACE	N.A.
TOTAL NUMBER OF EMPLOYEES	2 096
YEAR ESTABLISHED	1975

Lawson Japan is owned and operated by the Daiei retail conglomerate, under license from Lawson Foods of the United States. Lawson is the second largest convenience chain in Japan and its 1 831 outlets are located throughout the country, with half in the Osaka area.

The first Lawson's opened in 1975. It is typical of the convenience store product mix in that it sells little fresh food. Processed food and sundry goods make up the largest proportion of products sold and fast foods also do well.

Lawson is similar to Seven-Eleven in that the trade marks and organization are licensed from an American chain by one of the major Japanese retail corporations.

SUN EVERY YAMAZAKI DAILY STORE

Address: 1-9-2, Ichikawa, Ichikawa-shi, Chiba 272, Japan Tel: 0473-25-4181	
ANNUAL TURNOVER (Period ending December 1987)	163 694 million yen
TOTAL NUMBER OF STORES	1 657
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	99 million yen
PROPORTION OF FOOD SALES	76%
TOTAL FLOOR SPACE	N.A.
TOTAL NUMBER OF EMPLOYEES	N.A.
YEAR ESTABLISHED	1977

Sun Shop Yamazaki is the third largest convenience store chain in Japan. The company is owned and operated by Yamazaki Bread Co., which is the largest bread maker in Japan and has a very successful joint venture with Nabisco to market Nabisco products in this country.

Sun Shop Yamazaki was founded in 1977 and has rapidly grown to 1 657 outlets. The company has averaged about 50 new branches annually for the last three years. Virtually all the stores are franchises.

Sun Shop Yamazaki is more typical of the "Seven-Eleven" type of convenience store as it sells little fresh food. Its largest sales are in proceessed foods and dairy products.

K MART CHAIN CO., LTD.

Address: 2-2-20, Shimanouchi, Minami-ku, Osaka 542, Japan Tel: 06-212-2541	
ANNUAL TURNOVER (Period ending March 1987)	127 600 million yen
TOTAL NUMBER OF STORES	1 012
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	126 million yen
PROPORTION OF FOOD SALES	95%
TOTAL FLOOR SPACE	N.A.
TOTAL NUMBER OF EMPLOYEES	N.A.
YEAR ESTABLISHED	1978

The K Mart Chain in Japan is unrelated to the well-known K Mart stores in North America and the type of business is completely different. The Japanese "K Mart Chain" is a chain of convenience stores, with a few stores that fall in the mini-super range (400-500 square metres floor area).

The K Mart Chain is voluntary, with no directly operated outlets. The major products sold are fresh foods and processed foods. Fast foods are a very minor item for K Marts in Japan.

K Mart was founded in 1964 and is the fourth largest convenience store chain in the country. The 1 012 outlets are spread throughout the island of Honshu, and are not often found on any of the other major islands. Most of the outlets are in western Honshu.

FAMILY MART CO., LTD.

Address: 4-27-10, Higashi Ikebukuro, Toshima-ku, Tokyo 170, Japan Tel: 03-989-6600	
ANNUAL TURNOVER (Period ending February 1987)	126 476 million yen
TOTAL NUMBER OF STORES	1 007
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	126 million yen
PROPORTION OF FOOD SALES	75%
TOTAL FLOOR SPACE	N.A.
TOTAL NUMBER OF EMPLOYEES	N.A.
YEAR ESTABLISHED	1981

Family Mart is the fifth largest convenience store chain in Japan. Owned by Seiyu stores, Family Mart is part of the Seibu Saison group. Since opening its first store in 1978, Family Mart now has 1 007 outlets, with over 90 per cent of them in the Kanto (Tokyo) region.

Family Mart is clearly accelerating its expansion, with plans to enter the Chubu region around Nagoya.

Family Mart stores have a product mix typical of Western-style convenience stores, with little fresh food and an emphasis on processed foods. Fast food is only a moderate item at Family Marts.

Over 90 per cent of Family Marts are franchises. "Family Mart brand" goods such as milk, bread and canned beverages, are growing and fast foods with high gross profit ratio are doing well.

K.K. SUN CHAIN

Address: 17-4,Ueno 3-chome, Taito-ku, Tokyo 110, Japan Tel: (03) 834-9121	
ANNUAL TURNOVER (Period ending February 1987)	80 973 million yen
TOTAL NUMBER OF STORES	648
LOCATION OF STORES	Nation-wide
AVERAGE ANNUAL SALES PER STORE	125 million yen
PROPORTION OF FOOD SALES	76%
TOTAL FLOOR SPACE	27 392 square metres
TOTAL NUMBER OF EMPLOYEES	2 064
YEAR ESTABLISHED	1976

Sun Chain is the sixth largest convenience store chain in Japan. A member of the Daiei group (Daiei is one of the two sole shareholders) Sun has expanded rapidly across Japan since it began operations in 1976, and now has 648 outlets. Approximately half of the outlets are in the Tokyo area. A special characteristic of the Sun Chain is that almost all the outlets are open 24 hours a day.

Sun Chain is very similar in format to the Western-style convenience stores in Japan such as Lawson, Daiei's other convenience store chain. Like Lawson, Sun sells little fresh food, and instead concentrates on processed food and dairy products.

About half of Sun Chain's outlets are franchised, with the other half being directly owned and operated by Sun itself. Company policy seems to be to change directly operated stores into franchises.

External Affairs Canada
Affaires exterieures Canada

Canada